



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 2022

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

Chairman's Statement

Dear Shareholders,

In the first half of 2022, China Coal Energy has resolutely implemented the decisions and deployment of the CPC Central Committee and the State Council, thoroughly practiced the new development concept, actively established a new development layout, and coordinated the operation and development work and pandemic prevention and control, and achieved a new record high in major performance indicators. The Group realised revenue of RMB118.039 billion, representing a year-on-year increase of 15.5%; profit before tax of RMB24.991 billion, representing a year-on-year increase of 73.2%; and profit attributable to the equity holders of the Company of RMB14.529 billion, representing a year-on-year increase of 69.5%. The return on net assets increased by 3.9 percentage points year-on-year; and the gearing ratio decreased by 5.1 percentage points over the beginning of the year.

In the first half of the year, we placed top priority on the assurance of energy supply, vigorously released advanced production capacity and strictly implemented the national price stabilisation policy, making positive contributions to maintaining stable economic development and the overall social stability. With strengthened scientific organisation of production, we produced 59.23 million tonnes of self-produced commercial coal, representing a year-on-year increase of 4.4%, thereby maintaining steady growth while ensuring safety. Coal chemical enterprises maintained safe, stable and efficient operation, with an output of 2.73 million tonnes of major coal chemical products, representing a year-on-year increase of 10.5%. With the continuous improvement of the comprehensive intelligent development of coal mining equipment, coal mining equipment enterprises achieved an output value of RMB5.15 billion, representing a year-on-year increase of 7.7%. The asset scale of the Finance Company exceeded RMB80 billion, further enhancing the ability to support energy supply service transformation and development.

In the first half of the year, we insisted on safe, efficient, green and low-carbon transformation and development. Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal was put into complete trial operation, and as a key coal mine for energy supply assurance, achieved an increase in output by 5 million tonnes to 20 million tonnes. The environmental impact assessments of Shaanxi Yulin's coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin was approved, enabling the project to enter the implementation stage. The construction of Libi Coal Mine with an annual output of 4 million tonnes of anthracite and Antaibao 2×350MW low calorific value coal power generation project were making steady progress. The 263MW photovoltaic project of the first phase of Shanghai Energy New Energy Demonstration Base has commenced full construction based on the successful grid connection and power generation of a 30MW photovoltaic plant in the early stage. Focusing on key regions with abundant resources, such as Xinjiang, Inner Mongolia, Shaanxi and Shanxi, the Company actively implemented the construction of demonstration bases for the coal-power integration and integration of coal power, wind power and photovoltaic.

Chairman’s Statement

In the first half of the year, we continued to deepen reform and innovation, while strengthening risk control. The main tasks under the Three-year Action Plan for the Reform of State-owned Enterprises have been basically completed with active establishment of board of directors as required and the establishment of tenure system and contractual management of managers, and thus the market-oriented operation system has been continuously improved. The Company thoroughly fostered regional and professional reforms and continuously optimised industry layout and regional layout, while constantly optimising the review and reward system to better facilitate high-quality development. Aiming for breakthroughs in key and core technologies and continuously increasing investment in research and development, we obtained 161 authorised patents, passed the examination of two national key research and development projects, and the “intelligent heterogeneous scraper conveyor equipment” was recognized by the National Energy Administration as the first (set) major technical equipment in the energy field. With accelerated intelligent construction of coal mines, the Company has built 24 intelligent coal mining working faces, and 6 coal mines have passed the examination of intelligent demonstration coal mines. By strengthening scientific management and securing technology, the Company thoroughly commenced special rectification, and achieved overall safe and steady production. By strengthening ecological governance and environmental protection, the Company has experienced no general or more serious environmental emergencies. We also stressed the pandemic prevention and control and protected the bottom line of preventing mass outbreak.

In the second half of the year, China Coal Energy will continue to prioritize stability while pursuing progress, seek high-quality development, adhere to the concept of green and low-carbon development and follow the development direction of “efficiency enhancement and incremental transformation”, study and carry out the spirit of 20th Party Congress with an aim to stepping up the building of a world-class energy enterprise. First, centering on the “14th Five-Year Plan”, the Company will accelerate the construction of key projects for transformation and development, secure energy supply, and better integrate into and serve for the national development strategy of China. Second, the Company will accomplish the task of the Three-year Action Plan for the Reform of State-owned Enterprises, inject vitality and momentum for high-quality development with a more sound and efficient operating mechanism in a market-oriented and law-abiding manner. Third, the Company will adhere to running in line with world-class standards, continuously promote refined management, comprehensively improve quality, benefit and efficiency, and successfully complete the annual production and operation plan. Fourth, the Company will continue to strengthen technological innovation, step up core technology research and application of technological achievements, and drive transformation and development with technology. Fifth, adhering to bottom-line thinking, the Company will further strengthen safe production, ecological and environmental protection, energy conservation and emission reduction as well as pandemic prevention, comprehensively improve risk prevention capability, and prevent and resolve various major risks. Sixth, the Company will continue to improve the standardization of governance and the quality of information disclosure, strengthen communication with various investors, and facilitate market recognition and accelerate value realisation.

The management and all staff of the Company will always bear in mind the original intention and mission, make persistent efforts and push ahead with continuous improvement of the development quality of the Company in such a way to reward all shareholders and investors with excellent performance and make positive contributions to the healthy development of the capital market.

Wang Shudong
Chairman
Beijing, the PRC
25 August 2022

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 condensed interim financial information and the notes thereto. The Group's condensed interim financial information has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

I. OVERVIEW

In the first half of 2022, the Group adhered to the high-quality development as the guide, scientifically organised production and sales, greatly improved quality and efficiency, as well as took scientific control of cost leading to a new high in operating results and steady improvement in operation quality. The Group realised revenue of RMB118.039 billion for the first half of the year, representing a year-on-year increase of 15.5%; profit attributable to equity holders of the Company amounted to RMB14.529 billion, representing a year-on-year increase of 69.5%; net cash from operating activities amounted to RMB20.122 billion, representing a year-on-year decrease of 2.0%, of which the net cash inflow created by production and sales activities after excluding the factor of deposits absorption from members other than China Coal Energy by Finance Company was RMB20.021 billion, representing a year-on-year increase of 32.4%.

The Group accelerated the release of advanced coal production capacity, made every effort to increase production and sales, and implemented the requirements of energy supply and price stabilisation. The Group completed the production volume of self-produced commercial coal of 59.23 million tonnes, representing a year-on-year increase of 2.47 million tonnes, and the sales volume of self-produced commercial coal of 58.65 million tonnes, representing a year-on-year increase of 2.62 million tonnes. Coal chemical enterprises continued to optimize the operation of the device and strengthen the synergy between production and sales. Benefiting from the surge in the price of urea, the production and operation of the coal chemical operations contributed a profit of RMB1.713 billion in the first half of the year, representing a year-on-year increase of RMB425 million. Coal mining equipment enterprises further promoted the reform and innovation, stimulated the vitality of the system and mechanism, and optimized the product operations structure, realising revenue of RMB5.416 billion and profit before tax of RMB317 million, both representing a continuous year-on-year growth. The financial operations leveraged the advantage of information technology of the digital financial platform and strengthened the lean capital management, realising profit before tax of RMB593 million, representing a year-on-year increase of RMB123 million. In addition, the operation of associates and joint ventures of the Group improved, and the Group recognized the share of profits of associates and joint ventures of RMB3.156 billion in proportion to its shareholding, representing a year-on-year increase of RMB1.303 billion. The Group has carried out impairment tests on enterprises with losses in production and operation and coal mines with reduced recoverable resources due to changes in underground geological conditions, and made provision for impairment losses on assets of RMB1,912 million according to the impairment test result.

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (Restated)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Revenue	1,180.39	1,021.79	158.60	15.5
Cost of sales	894.56	850.76	43.80	5.1
Gross profit	285.83	171.03	114.80	67.1
Selling, general and administrative expenses	29.12	25.68	3.44	13.4
Other income, other gains and losses, net	-17.91	0.59	-18.50	–
Profit from operations	238.70	145.73	92.97	63.8
Finance income	0.25	0.54	-0.29	-53.7
Finance costs	20.61	20.51	0.10	0.5
Profit attributable to associates and joint ventures	31.56	18.53	13.03	70.3
Profit before income tax	249.91	144.29	105.62	73.2
EBITDA	290.76	199.26	91.50	45.9
Profit attributable to the equity holders of the Company	145.29	85.74	59.55	69.5
Net cash generated from operating activities	201.22	205.32	-4.10	-2.0
Net cash generated from investment activities	-119.51	-150.04	30.53	-20.3
Net cash generated from financing activities	-130.50	-7.49	-123.01	1,642.3

Notes: 1. During the reporting period, the Group has incurred consolidation of enterprises under common control, therefore the data for the comparative period was restated in accordance with the relevant requirements under accounting standards.

2. According to the “Amendment to International Accounting Standard No. 16 – Property, Plant and Equipment” issued by the International Accounting Standards Board in May 2020, since 1 January 2022, the income from the sale of trial production products before the property, plant and equipment are ready for their intended use is no longer used to offset the construction cost of the assets, and such income and related costs are included in the profit or loss for the current period. The Group has retrospectively adjusted the data for the same period of the last year and the end of the last year.

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	As at	As at	Compared with	
	30 June	31 December	the end of last year	
	2022	2021	Increase/ decrease	Increase/ decrease
		(Restated)	in amount	(%)
Assets	3,325.82	3,222.01	103.81	3.2
Liabilities	1,738.13	1,793.68	-55.55	-3.1
Interest-bearing debts	868.82	973.32	-104.50	-10.7
Equity	1,587.69	1,428.33	159.36	11.2
Equity attributable to the equity holders of the Company	1,246.66	1,141.09	105.57	9.3
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	35.4	40.5	A decrease of 5.1 percentage points	

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the six months ended 30 June 2022, the Group's revenue increased by RMB15.860 billion from RMB102.179 billion for the six months ended 30 June 2021 to RMB118.039 billion, representing an increase of 15.5%, which was mainly due to, among other things, the increase in market prices of the Group's coal and coal chemical products.

Management Discussion and Analysis of Financial Conditions and Operating Results

Revenue before netting of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue before netting of inter-segmental sales		Year-on-year	
	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (Restated)	Increase/decrease in amount	Increase/decrease (%)
Coal operations	1,018.25	867.87	150.38	17.3
Coal chemical operations	124.02	106.65	17.37	16.3
Coal mining equipment operations	54.16	49.58	4.58	9.2
Financial operations	11.25	7.45	3.80	51.0
Other operations	40.72	43.17	-2.45	-5.7
Net of inter-segmental sales	<u>-68.01</u>	<u>-52.93</u>	<u>-15.08</u>	<u>28.5</u>
The Group	<u>1,180.39</u>	<u>1,021.79</u>	<u>158.60</u>	<u>15.5</u>

Revenue net of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		Year-on-year	
	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (Restated)	Increase/decrease in amount	Increase/decrease (%)
Coal operations	967.46	829.76	137.70	16.6
Coal chemical operations	121.56	104.81	16.75	16.0
Coal mining equipment operations	47.62	44.33	3.29	7.4
Financial operations	9.16	5.60	3.56	63.6
Other operations	<u>34.59</u>	<u>37.29</u>	<u>-2.70</u>	<u>-7.2</u>
The Group	<u>1,180.39</u>	<u>1,021.79</u>	<u>158.60</u>	<u>15.5</u>

Management Discussion and Analysis of Financial Conditions and Operating Results

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 2022 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 2022	For the six months ended 30 June 2021 (Restated)	Increase/decrease (percentage point(s))
Coal operations	82.0	81.2	0.8
Coal chemical operations	10.3	10.3	0.0
Coal mining equipment operations	4.0	4.3	-0.3
Financial operations	0.8	0.5	0.3
Other operations	2.9	3.7	-0.8

2. Cost of sales

For the six months ended 30 June 2022, the Group's cost of sales increased by RMB4.380 billion or 5.1% from RMB85.076 billion for the six months ended 30 June 2021 to RMB89.456 billion, which was mainly due to the increase in the cost of sales of the coal operations by RMB4.208 billion as a result of the expansion in scale of the Group's self-produced commercial coal, the increase in unit sales costs and the increase in the purchase price of proprietary trading coal.

Cost of sales generated from each operating segment of the Group for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (Restated)	Year-on-year Increase/decrease in amount	Year-on-year Increase/decrease (%)
	Coal operations	774.71	732.63	42.08
Coal chemical operations	100.38	87.52	12.86	14.7
Coal mining equipment operations	45.53	42.45	3.08	7.3
Financial operations	4.81	2.51	2.30	91.6
Other operations	37.26	37.68	-0.42	-1.1
Inter-segment elimination	-68.13	-52.03	-16.10	30.9
The Group	<u>894.56</u>	<u>850.76</u>	<u>43.80</u>	<u>5.1</u>

Management Discussion and Analysis of Financial Conditions and Operating Results

3. Gross profit and gross profit margin

For the six months ended 30 June 2022, the Group's gross profit increased by RMB11.480 billion or 67.1% from RMB17.103 billion for the six months ended 30 June 2021 to RMB28.583 billion; gross profit margin increased by 7.5 percentage points from 16.7% for the six months ended 30 June 2021 to 24.2%.

The gross profit and gross profit margin from each operating segment of the Group for the six months ended 30 June 2022 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 2022	For the six months ended 30 June 2021 (Restated)	Increase/decrease (%)	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (Restated)	Increase/decrease (percentage point(s))
Coal operations	243.54	135.24	80.1	23.9	15.6	8.3
Coal chemical operations	23.64	19.13	23.6	19.1	17.9	1.2
Coal mining equipment operations	8.63	7.13	21.0	15.9	14.4	1.5
Financial operations	6.44	4.94	30.4	57.2	66.3	-9.1
Other operations	3.46	5.49	-37.0	8.5	12.7	-4.2
The Group	285.83	171.03	67.1	24.2	16.7	7.5

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

Management Discussion and Analysis of Financial Conditions and Operating Results

(II) Operating results of segments

1. *Coal Operations Segment*

- *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, resale of coal purchased from external enterprises to customers (sales of proprietary trading coal) and coal import and export and domestic agency services.

For the six months ended 30 June 2022, the revenue from coal operations of the Group increased by 17.3% from RMB86.787 billion for the six months ended 30 June 2021 to RMB101.825 billion, and revenue net of other inter-segmental sales increased by 16.6% from RMB82.976 billion for the six months ended 30 June 2021 to RMB96.746 billion.

For the six months ended 30 June 2022, the revenue from sales of self-produced commercial coal of the Group increased by 45.2% from RMB30.370 billion for the six months ended 30 June 2021 to RMB44.088 billion, which was mainly attributable to the year-on-year increase of RMB210/tonne in the selling price of self-produced commercial coal leading to an increase of RMB12.302 billion in revenue; the year-on-year increase of 2.62 million tonnes in sales volume leading to an increase of RMB1.416 billion in the revenue. Revenue net of inter-segmental sales increased by 41.8% from RMB28.962 billion for the six months ended 30 June 2021 to RMB41.058 billion.

For the six months ended 30 June 2022, the revenue from sales of proprietary trading coal of the Group increased by 2.3% from RMB56.138 billion for the six months ended 30 June 2021 to RMB57.411 billion, which was mainly attributable to the year-on-year increase of RMB243/tonne in the sales volume leading to an increase of RMB16.744 billion in revenue; the year-on-year decrease of 26.23 million tonnes in sales volume leading to a decrease of RMB15.471 billion in revenue. Revenue net of inter-segmental sales increased by 3.0% from RMB53.764 billion for the six months ended 30 June 2021 to RMB55.382 billion.

For the six months ended 30 June 2022, the revenue from coal agency operations of the Group increased by RMB25 million from RMB10 million for the six months ended 30 June 2021 to RMB35 million.

Management Discussion and Analysis of Financial Conditions and Operating Results

The Group's coal sales volume before netting of inter-segmental sales and selling prices for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

		For the		For the		Year-on-year			
		six months ended		six months ended		Increase/decrease			
		30 June 2022		30 June 2021		in amount			
		Sales	Selling	Sales	Selling	Sales	Selling	Sales	Selling
		volume	price	volume	price	volume	price	volume	price
		(10,000	(RMB/	(10,000	(RMB/	(10,000	(RMB/	(%)	(%)
		tonnes)	tonne)	tonnes)	tonne)	tonnes)	tonne)		
I. Self-produced commercial coal	Total	5,865	752	5,603	542	262	210	4.7	38.7
	(I) Thermal coal	5,301	636	4,980	488	321	148	6.4	30.3
	1. Domestic sales	5,300	636	4,980	488	320	148	6.4	30.3
	2. Export	1	2,430	☆	☆	1	-	-	-
	(II) Coking coal	564	1,836	623	974	-59	862	-9.5	88.5
	Domestic sales	564	1,836	623	974	-59	862	-9.5	88.5
II. Proprietary trading coal	Total	6,896	833	9,519	590	-2,623	243	-27.6	41.2
	(I) Domestic sales	6,873	829	9,416	590	-2,543	239	-27.0	40.5
	(II) Self-operated								
	export	18	2,257	22	1,080	-4	1,177	-18.2	109.0
	(III) Import trading	5	1,007	81	410	-76	597	-93.8	145.6
III. Import and export and domestic agency★	Total	588	6	464	2	124	4	26.7	200.0
	(I) Import agency	☆	☆	1	6	-1	-	-100.0	-
	(II) Export agency	11	12	4	12	7	0	175.0	0.0
	(III) Domestic agency	577	6	459	2	118	4	25.7	200.0

★ : Selling price is agency service fee.

☆ : N/A for the period.

Note : Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 8.71 million tonnes for the current period and 8.65 million tonnes for the same period of last year.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2022, the Group's cost of sales of coal operations increased by 5.7% from RMB73.263 billion for the six months ended 30 June 2021 to RMB77.471 billion, which was mainly attributable to the expansion in scale of self-produced commercial coal and the year-on-year increase in the unit sales cost, leading to an increase of RMB3.058 billion in the cost of the self-produced commercial coal operations, and the year-on-year increase in the purchase price and the year-on-year decrease in sales volume of purchased coal, leading to a year-on-year increase of RMB1.357 billion in the procurement cost of proprietary trading coal. The composition of the cost of sales of the Group's coal operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the	Percentage	For the	Percentage	Year-on-year	
	six months ended 30 June 2022		six months ended 30 June 2021 (Restated)		Increase/decrease in amount	Increase/decrease (%)
Materials costs	36.16	4.7	27.20	3.7	8.96	32.9
Proprietary trading coal costs ★	561.18	72.5	547.61	74.7	13.57	2.5
Staff costs	25.13	3.2	17.91	2.5	7.22	40.3
Depreciation and amortization	31.23	4.0	32.85	4.5	-1.62	-4.9
Repairs and maintenance	7.45	1.0	6.56	0.9	0.89	13.6
Transportation costs and port expenses	47.98	6.2	48.62	6.7	-0.64	-1.3
Sales taxes and surcharges	34.12	4.4	22.88	3.1	11.24	49.1
Outsourced mining engineering fees	14.93	1.9	12.81	1.7	2.12	16.5
Other costs ★	16.53	2.1	16.19	2.2	0.34	2.1
Total cost of sales for coal operations	774.71	100.0	732.63	100.0	42.08	5.7

★ : This cost does not include transportation costs and port expenses related to proprietary trading coal, which amounts to RMB809 million for the current period and RMB1,005 million for the same period of last year, both of which are set out in the item of transportation costs and port expenses.

★ : Other costs include the environmental restoration expenses arising from coal mining, and the expenditures for the sporadic projects incurred in direct relation to coal production.

Management Discussion and Analysis of Financial Conditions and Operating Results

The composition of the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the six months ended 30 June 2022		For the six months ended 30 June 2021 (Restated)		Year-on-year Increase/ decrease in amount Increase/ decrease (%)	
		Percentage (%)		Percentage (%)		
Materials costs	61.66	17.8	48.54	15.7	13.12	27.0
Staff costs	42.85	12.3	31.97	10.4	10.88	34.0
Depreciation and amortization	53.25	15.3	58.63	19.0	-5.38	-9.2
Repairs and maintenance	12.71	3.7	11.71	3.8	1.00	8.5
Transportation costs and port expenses	68.03	19.6	68.85	22.3	-0.82	-1.2
Sales taxes and surcharges	58.18	16.8	40.83	13.2	17.35	42.5
Outsourced mining engineering fees	25.45	7.3	22.87	7.4	2.58	11.3
Other costs	24.95	7.2	25.34	8.2	-0.39	-1.5
Total unit cost of sales of self-produced commercial coal	347.08	100.0	308.74	100.0	38.34	12.4

For the six months ended 30 June 2022, the Group's unit cost of sales of self-produced commercial coal amounted to RMB347.08/tonne, representing a year-on-year increase of RMB38.34/tonne or 12.4%, which is mainly due to the following factors: the Group's strengthening of stripping of open pit mines and excavation of underground mines for continuous production, resulting in the increase in material consumption and mining engineering volume, and the increase in the purchase price of diesel and electricity which are largely used in the production process, leading to a year-on-year increase in unit material costs and outsourced mining engineering fees; the Group's adjustment and control of the wage and payment of bonus in a reasonable manner based on the operating performance, and strengthening the establishment of its own coal production teams in each mining area in accordance with the policy requirements to gradually reduce outsourced labor, resulting in a year-on-year increase in unit labor costs; the year-on-year decrease in depreciation and amortization due to the provision for impairment of certain assets under the coal operations in 2021, and the dilution effect of the increase in the output of self-produced commercial coal, resulting in a year-on-year decrease in the unit depreciation and amortization costs; the increase in the daily repair and maintenance expenses of production equipment related to the long-term operation of each mine of the Group, resulting in a year-on-year increase in unit repairs and maintenance costs; the year-on-year increase in selling price and gross profit margin of self-produced commercial coal of the Group resulting in a year-on-year increase in unit sales taxes and surcharges.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Gross profit and gross profit margin*

For the six months ended 30 June 2022, under the expansion of the sales scale and the increase in the selling price of self-produced commercial coal, the Group's gross profit from coal operations segment increased by 80.1% from RMB13.524 billion for the six months ended 30 June 2021 to RMB24.354 billion, while gross profit margin increased by 8.3 percentage points from 15.6% for six months ended 30 June 2021 to 23.9%. In particular, the gross profit of self-produced commercial coal increased by RMB10.660 billion year-on-year, and the gross profit margin increased by 10.8 percentage points year-on-year; the gross profit of proprietary trading coal increased by RMB112 million year-on-year, and the gross profit margin increased by 0.1 percentage point year-on-year.

2. Coal Chemical Operations Segment

- *Revenue*

For the six months ended 30 June 2022, the revenue from coal chemical operations of the Group increased by 16.3% from RMB10.665 billion for the six months ended 30 June 2021 to RMB12.402 billion; revenue net of inter-segmental sales increased by 16.0% from RMB10.481 billion for the six months ended 30 June 2021 to RMB12.156 billion, which was mainly attributable the increases in the selling prices of coal chemical products.

The sales volume and selling prices of the major coal chemical products of the Group for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021 (Restated)		Year-on-year Increase/decrease			
	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease	
					Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Polyolefin	72.7	7,710	78.8	7,413	-6.1	297	-7.7	4.0
1. Polyethylene	35.8	7,830	39.8	7,238	-4.0	592	-10.1	8.2
2. Polypropylene	36.9	7,593	39.0	7,592	-2.1	1	-5.4	0.0
II. Urea	114.2	2,724	125.5	2,014	-11.3	710	-9.0	35.3
III. Methanol	90.7	1,919	65.7	1,695	25.0	224	38.1	13.2
Inter-segment self-consumption volume◆	74.6	1,926	52.5	1,721	22.1	205	42.1	11.9
External sales	16.1	1,885	13.2	1,592	2.9	293	22.0	18.4

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

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2022, cost of sales for the coal chemical operations of the Group increased by 14.7% from RMB8.752 billion for the six months ended 30 June 2021 to RMB10.038 billion, which was mainly attributable to, among other things, the increase in the purchase price of raw material coal and fuel coal, leading to the year-on-year increase of RMB1.214 billion in material costs. The composition of the cost of sales of 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 2022		For the six months ended 30 June 2021 (Restated)		Year-on-year	
	30 June 2022	Percentage (%)	30 June 2021	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	63.64	63.4	51.50	58.8	12.14	23.6
Cost of polyolefin in proprietary trading	4.00	4.0	4.13	4.7	-0.13	-3.1
Staff costs	4.38	4.4	3.87	4.4	0.51	13.2
Depreciation and amortization	14.41	14.4	13.63	15.6	0.78	5.7
Repairs and maintenance	3.61	3.6	3.52	4.0	0.09	2.6
Transportation costs and port expenses	4.78	4.8	4.86	5.6	-0.08	-1.6
Sales taxes and surcharges	1.54	1.5	1.69	1.9	-0.15	-8.9
Other costs	4.02	3.9	4.32	5.0	-0.30	-6.9
Total cost of sales for coal chemical operations	100.38	100.0	87.52	100.0	12.86	14.7

Management Discussion and Analysis of Financial Conditions and Operating Results

Affected by the increase in the purchase price of raw material coal and fuel coal, the unit cost of sales of the major coal chemical products of the Group for the six months ended 30 June 2022 increased year-on-year, and the specific changes are set out as follows:

Unit: RMB/tonne

Item	For the	For the	Year-on-year	
	six months ended 30 June 2022	six months ended 30 June 2021 (Restated)	Increase/decrease in amount	Increase/decrease (%)
I. Polyolefin	6,955	6,225	730	11.7
1. Polyethylene	6,968	6,193	775	12.5
2. Polypropylene	6,942	6,257	685	10.9
II. Urea	1,649	1,422	227	16.0
III. Methanol	1,762	1,606	156	9.7

- *Gross profit and gross profit margin*

For the six months ended 30 June 2022, the gross profit of the coal chemical operations increased by 23.6% from RMB1.913 billion for the six months ended 30 June 2021 to RMB2.364 billion, while gross profit margin increased by 1.2 percentage points from 17.9% for the six months ended 30 June 2021 to 19.1%, which was mainly due to the significant increase in price of urea, leading to the increase in the gross profit and the gross profit margin of coal chemical operations.

3. Coal Mining Equipment Operations Segment

- *Revenue*

For the six months ended 30 June 2022, the Group's revenue from coal mining equipment operations increased by 9.2% from RMB4.958 billion for the six months ended 30 June 2021 to RMB5.416 billion. Revenue net of other inter-segmental sales increased by 7.4% from RMB4.433 billion for the six months ended 30 June 2021 to RMB4.762 billion, which was mainly attributable to the increase in demand for relevant products driven by the further optimisation of product structure and the intelligent upgrading of coal mines.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2022, the Group's cost of sales for the coal mining equipment operations increased by 7.3% from RMB4.245 billion for the six months ended 30 June 2021 to RMB4.553 billion. The composition of the Group's cost of sales of 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 2022		For the six months ended 30 June 2021 (Restated)		Year-on-year	
	30 June 2022	Percentage (%)	30 June 2021	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	33.51	73.6	32.02	75.4	1.49	4.7
Staff costs	4.01	8.8	3.24	7.6	0.77	23.8
Depreciation and amortization	1.80	4.0	2.00	4.7	-0.20	-10.0
Repairs and maintenance	0.34	0.7	0.42	1.0	-0.08	-19.0
Transportation costs	0.62	1.4	0.55	1.3	0.07	12.7
Sales taxes and surcharges	0.20	0.4	0.21	0.5	-0.01	-4.8
Other costs	5.05	11.1	4.01	9.5	1.04	25.9
Total cost of sales for coal mining equipment operations	45.53	100.0	42.45	100.0	3.08	7.3

- *Gross profit and gross profit margin*

For the six months ended 30 June 2022, the gross profit of the Group's coal mining equipment operations segment increased by 21.0% from RMB713 million for the six months ended 30 June 2021 to RMB863 million; and the gross profit margin increased by 1.5 percentage points from 14.4% for the six months ended 30 June 2021 to 15.9%, which was attributable to, among other things, further optimisation of product structure.

Management Discussion and Analysis of Financial Conditions and Operating Results

4. Financial Operations Segment

The financial operations segment of the Group is mainly engaged by Finance Company which deepened the concept of lean management, strengthened financial technology innovation, offered multi-dimensional, extensive and customised financial services by precisely targeting financial needs of member enterprises to secure safe, stable and efficient capital flow, and optimised deployment strategies at appropriate times amidst the substantial decline in interbank deposits market interest rate, thereby realising value appreciation and effectiveness. Various major operation indicators have recorded a new height over the same period. For the six months ended 30 June 2022, revenue of financial operations of the Group increased by 51.0% from RMB745 million for the six months ended 30 June 2021 to RMB1,125 million; revenue net of intersegmental sales increased by 63.6% from RMB560 million for the six months ended 30 June 2021 to RMB916 million. Cost of sales increased by 91.6% from RMB251 million for the six months ended 30 June 2021 to RMB481 million. Gross profit increased by 30.4% from RMB494 million for the six months ended 30 June 2021 to RMB644 million. Affected by factors such as the substantial increase in the scale of deposits absorbed and the general decline in interest rates in the financial market, gross profit margin decreased by 9.1 percentage points from 66.3% for the six months ended 30 June 2021 to 57.2%.

5. Other Operations Segment

Other operations segment of the Group mainly includes thermal power generation, aluminium processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. For the six months ended 30 June 2022, the Group's revenue from other operations decreased by 5.7% from RMB4.317 billion for the six months ended 30 June 2021 to RMB4.072 billion; revenue net of intersegmental sales decreased by 7.2% from RMB3.729 billion for the six months ended 30 June 2021 to RMB3.459 billion. Cost of sales decreased by 1.1% from RMB3.768 billion for the six months ended 30 June 2021 to RMB3.726 billion. Gross profit of other operations segment decreased by 37.0% from RMB549 million for the six months ended 30 June 2021 to RMB346 million and gross profit margin decreased by 4.2 percentage points from 12.7% for the six months ended 30 June 2021 to 8.5%, which were affected by, among other things, the surge of coal procurement price, the year-on-year decrease in gross profit and gross profit margin of power generation operations.

(III) Selling, general and administrative expenses

For the six months ended 30 June 2022, the Group's selling, general and administrative expenses increased by 13.4% from RMB2.568 billion for the six months ended 30 June 2021 to RMB2.912 billion, which was mainly attributable to the normal increase in wages of the Group and the transfer of certain construction projects into production in the first half of the year, resulting in a year-on-year increase in administrative expenses, as well as the year-on-year increase in research and development expenses along with the Group's increased investment in technology innovation.

Management Discussion and Analysis of Financial Conditions and Operating Results

(IV) Finance income and finance cost

For the six months ended 30 June 2022, the Group's net finance costs increased by 2.0% from RMB1.997 billion for the six months ended 30 June 2021 to RMB2.036 billion, which was mainly attributable to the combined effect of the reclassification of interest expenses in relation to the transfer of certain construction projects of the Group into production from capitalization to expense, as well as the Group's continual optimisation of debt structure, which has further lowered the consolidated cost of funds

(V) Share of profits of associates and joint ventures

For the six months ended 30 June 2022, the Group's share of profits of associates and joint ventures increased by 70.3% from RMB1,853 million for the six months ended 30 June 2021 to RMB3,156 million, which was mainly attributable to the increase of market prices of coal and coal chemical products, leading to a year-on-year increase in the profits of associates and joint ventures, and thus, the corresponding increase in the Group's share of profits of associates and joint ventures recognized in accordance with its shareholding.

(VI) Other income, other gains and losses, net

For the six months ended 30 June 2022, other income, other gains and losses, net of the Group represented a net loss of RMB1.791 billion, as compared to a net gain of RMB0.059 billion for the six months ended 30 June 2021, which was mainly attributable to the year-on-year increase in impairment loss on assets. In particular, changes in underground geological conditions of Dongpo Coal Mine and Tangshangou Coal Mine of the Group have reduced recoverable reserves, and according to the results of the impairment test of which, the Group made provision for an impairment loss of RMB869 million; China Coal Yuanxing Company was under operational losses due to the increase in purchase prices of raw coal, and according to the results of the impairment test of which, the Group made provision for an impairment loss of RMB723 million. Shanghai Energy Company's own power plant was under operational losses due to rising coal prices, and according to the results of the impairment test of which, the Group made provision for an impairment loss of RMB258 million.

Management Discussion and Analysis of Financial Conditions and Operating Results

III. CASH FLOW

As at 30 June 2022, the balance of the Group's cash and cash equivalents amounted to RMB26.230 billion, representing a net decrease of RMB4.865 billion as compared to RMB31.095 billion as at 31 December 2021.

Net cash inflow generated from operating activities decreased by RMB0.410 billion from RMB20.532 billion for the six months ended 30 June 2021 to RMB20.122 billion, in particular: excluding the deposits absorbed from members other than China Coal Energy by Finance Company, the net cash inflow generated from production and sales activities amounted to RMB20.021 billion, representing a year-on-year increase of RMB4.899 billion, which was mainly attribute to the increase in net cash inflow as a result of the growth of the Group's operating results and constant reinforcement of lean capital management for the control of operating capital appropriation.

Net cash outflow generated from investing activities decreased by RMB3.053 billion from RMB15.004 billion for the six months ended 30 June 2021 to RMB11.951 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB1.597 billion in cash outflow arising from the change in term deposits with an initial deposit period of more than three months, the year-on-year increase of RMB1.319 billion in cash inflow arising from the recovery of self-operated loans to members other than China Coal Energy by Finance Company, the year-on-year increase of RMB0.628 billion in cash dividends received from associates and joint ventures, as well as the year-on-year increase of RMB0.630 billion in cash utilised as capital expenditure.

Net cash outflow generated from financing activities increased by RMB12.301 billion from RMB0.749 billion for the six months ended 30 June 2021 to RMB13.050 billion, which was mainly attributable to the combined effect of the significant year-on-year decrease in the inflow of debt financing as a result of the Group's optimization and adjustment of debt financing arrangements based on the capital position, as well as the repayment of the medium-term notes amounting to RMB10 billion due with its own funds.

IV. SOURCES OF CAPITAL

For the six months ended 30 June 2022, 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 by the agreed time. No overdue or default has occurred.

The cash generated from the Group's operation, net proceeds from share offering in the capital markets, relevant banks' line of credit 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.

Management Discussion and Analysis of Financial Conditions and Operating Results

V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

As at 30 June 2022, the net value of property, plant and equipment of the Group amounted to RMB126.662 billion, representing a net decrease of RMB2.547 billion or 2.0% as compared to RMB129.209 billion as at 31 December 2021, among which, the net value of buildings was RMB27.292 billion, accounting for 21.5%; that of mining structures was RMB36.621 billion, accounting for 28.9%; that of plant, machinery and equipment was RMB44.950 billion, accounting for 35.5%; that of construction in progress was RMB11.934 billion, accounting for 9.4%; and that of railways, transportation vehicles and others was RMB5.865 billion, accounting for 4.7%.

(II) Mining rights

As at 30 June 2022, the net value of the Group's mining rights amounted to RMB42.766 billion, representing a net decrease of RMB0.304 billion or 0.7% as compared to RMB43.070 billion as at 31 December 2021, which was mainly attributable to the combined effect of the amortisation and the provision for impairment of mining rights and the recognition of the proceeds from transfer of mining rights in accordance with China's relevant policy by the coal production enterprises of the Group for the current period.

(III) Debt instruments at fair value through other comprehensive income

As at 30 June 2022, the net value of the Group's debt instruments at fair value through other comprehensive income amounted to RMB8.270 billion, representing a net increase of RMB2.315 billion or 38.9% as compared to RMB5.955 billion as at 31 December 2021, which was mainly attributable to the increase in settlement amount of acceptance notes in the process of product sales.

(IV) Provision for close down, restoration and environmental costs

As at 30 June 2022, the Group's provision for close down, restoration and environmental costs (including the provision for close down, restoration and environmental costs due within one year) was RMB5.025 billion, representing a net increase of RMB1.374 billion or 37.6% from RMB3.651 billion as at 31 December 2021, which was mainly attributable to the increase in provision for the mine geological environment governance and restoration fund of Dahaize Coal Mine in accordance with the relevant national policy.

Management Discussion and Analysis of Financial Conditions and Operating Results

(V) Borrowings

As at 30 June 2022, the balance of borrowings of the Group amounted to RMB72.630 billion, representing a net decrease of RMB0.465 billion or 0.6% as compared with RMB73.095 billion as at 31 December 2021, among which, the balance of long-term borrowings (including the long-term borrowings due within one year) was RMB72.096 billion, representing a net decrease of RMB0.345 billion as compared to RMB72.441 billion as at 31 December 2021, and the balance of short-term borrowings amounted to RMB0.534 billion, representing a net decrease of RMB0.120 billion as compared to RMB0.654 billion as at 31 December 2021.

(VI) Long-term bonds

As at 30 June 2022, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB14.252 billion, representing a net decrease of RMB9.985 billion or 41.2% as compared to RMB24.237 billion as at 31 December 2021, which was mainly attributable to the repayment of the matured medium-term notes of RMB10 billion in its own funds by the Group.

VI. OVERSEAS ASSETS

For the six months ended 30 June 2022, there were no material change in the Group's major assets. As at 30 June 2022, total assets of the Group amounted to RMB332.582 billion, representing an increase of RMB10.381 billion or 3.2% as compared to RMB322.201 billion as at 31 December 2021, among which, overseas assets amounted to RMB0.451 billion, accounting for 0.14% of total assets.

VII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have significant charge of assets during the reporting period. As at 30 June 2022, the book value of the Group's charge of assets amounted to RMB1.512 billion, of which, the book value of pledged assets was RMB0.360 billion and the book value of mortgaged assets was RMB1.152 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.

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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 2022, details of undue corporate bonds issued by the Group are set out as follows.

Disclosures	Corporate Bonds			
	17 China Coal 01	18 China Coal 02	18 China Coal 06	20 China Coal 01
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.
2. Type of issue	Public issue	Public issue	Public issue	Public issue
3. Book value	RMB100	RMB100	RMB100	RMB100
4. Issue scale	RMB1.0 billion	RMB0.4 billion	RMB0.8 billion	RMB3.0 billion
5. Total proceeds raised after deducting the issuance expenses	RMB997 million	RMB399 million	RMB798 million	RMB2.997 billion
6. Bonds balance	RMB74 million	RMB0.4 billion	RMB0.8 billion	RMB3.0 billion
7. Coupon rate	2.85%	5.0%	4.89%	3.60%
8. Issue object	Qualified investor	Qualified investor	Qualified investor	Professional investor
9. Use details:				
(1) A detailed breakdown and description of the proceeds for each issue and the purposes for which they are used during the financial 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 replenish 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 due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the interest-bearing debts and replenish working capital.
(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

Management Discussion and Analysis of Financial Conditions and Operating Results

- Notes: 1) The Company completed the 2017 public issuance of corporate bonds (tranche 1) (abbreviated as “17 China Coal 01”) on 20 July 2017 for a term of 5 years and with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors. The Company has adjusted the coupon rate for the current tranche of bonds in June 2020, and some investors opted for saleback in July 2020, and the balance of the bonds after the saleback was RMB74,397,000, which have been fallen due for redemption on 20 July 2022.
- 2) The Company completed a public issuance of corporate bonds (tranche 1) (category 2) (abbreviated as “18 China Coal 02”) on 9 May 2018 at an issuance scale of RMB0.4 billion for a term of 7 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the fifth year and a saleback option by the investors. As of the end of the reporting period, the period for an exercisable option of coupon rate adjustment by the issuer of the current tranche of bonds and a saleback option by the investors has not been reached. Therefore, there was no option exercise during the reporting period.
- 3) The Company completed a public issuance of corporate bonds (tranche 3) (category 2) (abbreviated as “18 China Coal 06”) on 6 July 2018 at an issuance scale of RMB0.8 billion for a term of 7 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the fifth year and a saleback option by the investors. As of the end of the reporting period, the period for an exercisable option of coupon rate adjustment by the issuer of the current tranche of bonds and a saleback option by the investors has not been reached. Therefore, there was no option exercise during the reporting period.

XI. ISSUANCE OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS

As at 30 June 2022, details of the debt financing instruments not yet due issued by the Group are as follows.

Name of bonds	Issue scale (RMB100 million)	Interest rate (%)	Term	Effective date	Due date	Repayment Status
19 China Coal Energy MTN001	50.00	4.19	5+2 years	23 July 2019	The maturity date of this medium-term note is 23 July 2026; if investors exercise their saleback options, the maturity date of those parts of debts soldback is 23 July 2024.	Interest paid and principal paid on due date
20 China Coal Energy MTN001A	15.00	3.28	5 years	13 April 2020	13 April 2025	Interest paid and principal paid on due date
20 China Coal Energy MTN001B	5.00	3.60	7 years	13 April 2020	13 April 2027	Interest paid and principal paid on due date
21 China Coal Energy MTN001	30.00	4.00	5 years	26 April 2021	26 April 2026	Interest paid and principal paid on due date
Total	<u>100.00</u>	-	-	-	-	-

During the reporting period, the Company has completed the distribution of the principal and interest of the “15 China Coal MTN001” medium-term notes due with an amount of RMB10 billion. For details, please refer to the relevant announcement published by the Company on the Shanghai Clearing House, the China Money Network and the HKSE dated 10 June 2022. As of 30 June 2022, the Group has paid the principal and interest of its bonds and other debt financing instruments by the agreed time. No default or delayed payment of principal and interest has occurred.

Management Discussion and Analysis of Financial Conditions and Operating Results

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 double-edged effects on the operating results of the Group. The Group will actively analyze 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.

During the reporting period, there were no major changes in the risks of the Company's operations. For details, please refer to the "Directors' Report" section of the 2021 annual report.

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XV. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 30 June 2022, the Group provided guarantees of RMB7.861 billion in total, of which guarantees of RMB6.241 billion were provided to the share-holding companies in proportion to the Group's shareholdings. Details are as follows:

Unit: RMB10 thousand

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	The Company's external guarantees (excluding guarantees for subsidiaries)								Counter guarantee available or not	Provided to the related party or not	Connected party relationship
					Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Major debts	Guarantees (if any)	Completed or not	Overdue or not	Overdue amount			
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	17,424.66	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	126,402.55	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Zhongtian Synergetic Energy Company Limited	439,395.93	25 May 2016	25 May 2016	As per agreement	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	No	Yes	Other related party
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	5,250.00	2 February 2018	26 February 2018	2 February 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	35,600.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)															-157,972.36
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)															624,073.14
Guarantee provided by the Company to its subsidiaries															
Total guarantee to subsidiaries incurred during the reporting period															-47,895.50
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)															162,013.00
Total guarantee of the Company (including those to subsidiaries)															
Total guarantee (A+B)															786,086.14
Percentage of total guarantee to net assets of the Company (%)															6.3
Of which:															
Amount of guarantee provided to shareholders, de facto controllers and its related parties (C)															-
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)															-
Excess amount of total guarantee over 50% of net assets (E)															-
Total amount of the above three categories (C+D+E)															-

Management Discussion and Analysis of Financial Conditions and Operating Results

(II) Environmental protection responsibilities

Environmental protection laws and regulations have been fully implemented in China. 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.

(III) Contingent legal liabilities

During the reporting period, there was no further progress in relation to the lawsuits involving Yihua Mining Company, Mengda Mining Company and Yinhe Hongtai Company as disclosed in the 2021 annual report.

For the six months ended 30 June 2022, 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. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY

(I) Coal Operations

1. Coal production

In the first half of the year, the Group organised and fostered pandemic control, production and organization, accelerated the release of advanced production capacity and executed the requirements of securing energy supply. Production volume of commercial coal reached 59.23 million tonnes, representing a year-on-year increase of 2.47 million tonnes or 4.4%. The Group established a sound standard and system for intelligent coal mines, compiled and released the intelligent coal mines enterprise standards, built 24 intelligent coal mining working faces, and further improved the level of intelligent mining. In the first half of the year, the Group's raw coal productivity was 34.3 tonnes per worker-shift, maintaining a leading level in the coal industry.

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

Item	January to June 2022	January to June 2021 (Restated)	Change (%)
Production volume of commercial coal	5,923	5,676	4.4
(I) By region:			
1. Shanxi	4,142	4,091	1.2
2. Inner Mongolia and Shaanxi	1,424	1,245	14.4
3. Jiangsu	285	271	5.2
4. Xinjiang	72	69	4.3
(II) By coal type:			
1. Thermal coal	5,361	5,056	6.0
2. Coking coal	562	620	-9.4

Business Performance

2. Coal sales

In the first half of the year, the Group resolutely executed the decisions and deployment of the CPC Central Committee and State Council, earnestly fulfilled the responsibility on securing supply and stabilising price, and strictly implemented the long and medium term coal contract of “two comprehensive coverage” and coal price policy. The Group continued to enhance marketing reconfiguration, steadily improved the regional integration work, proactively established a modern management system for coal sales with “extensive and unified sales as well as complete supervision”, and continuously improved the unified mining and unified sales management and national marketing network layout. The Group paid all efforts to stabilize the market, stabilize the channels and stabilize the scale, expedited to build a new supply and demand co-operation relationship with long-and-medium term contracts as a link with the power generation enterprises to enhance the long-term cooperation with leading enterprises in the industry. Besides, the Group fully consolidated its channel for external procurement of coal resources, actively explored a new mode of outsourced coal business by insisting on a categorical approach and increased the development of non-electricity coal outsourcing business such as building materials and chemicals, so as to further increase China Coal’s brand advantage and its market discourse power and influence. For the first half of the year, the Group’s sales volume of commercial coal was 133.49 million tonnes, of which, the sales volume of self-produced coal was 58.65 million tonnes, representing a year-on-year increase of 4.7%.

Table on Coal Sales

Unit: 10 thousand tonnes

Item	January to June 2022	January to June 2021 (Restated)	Change (%)
Sales volume of commercial coal	13,349	15,586	-14.4
(I) By business type:			
1. Self-produced coal	5,865	5,603	4.7
2. Proprietary trading coal sales	6,896	9,519	-27.6
3. Agency sales	588	464	26.7
(II) By region:			
1. North China	4,614	5,493	-16.0
2. East China	4,580	5,379	-14.9
3. South China	1,664	2,488	-33.1
4. Central China	1,206	1,130	6.7
5. Northwest China	926	699	32.5
6. Other regions	359	397	-9.6

Business Performance

(II) Coal Chemical Operations

In the first half of the year, the Group continuously optimized the production organization and implementation, strengthened the production and operation control by promoting measures such as up-to-standard management, fine operation and intelligent inspection, maintained stable operation of “work safety, stable production, long period operation, fully-loaded operation and producing quality products” for coal chemical equipment, and kept the comprehensive energy consumption of methanol and coal-to-olefin products better than the industry benchmark level. Under the role of an innovation platform of three dedicated coal chemical research institutes, the Group speeded up the training of key technical personnel and constantly improved technological innovation capabilities. The Company worked on product differentiation and product chain extension based on its existing process. In the first half of the year, the production volume of major coal chemical products was 2.726 million tonnes, representing a year-on-year increase of 10.5%, among which, the production volume of polyethylene was 0.369 million tonnes, representing a year-on-year decrease of 7.5%, and the production volume of polypropylene was 0.383 million tonnes, representing a year-on-year decrease of 1.0%, mainly due to the decline in catalyst activity as the chemical plant of China Coal Shaanxi Company approached its maintenance period, leading to a year-on-year decrease in polyolefin production volume; the production volume of methanol was 0.970 million tonnes, representing a year-on-year increase of 45.4%, mainly due to the trial run of the Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas by Ordos Energy Chemical Company at the end of April 2021.

In active response to adverse factors such as scattered outbreak of pandemic, phase shortage of railroad capacity as well as restriction and cost increase of road transportation, the Group took multiple measures to strengthen the synergy of production, transportation and sales such as flexibly adjusting the amount put into the market in each region and increasing the effort in sales of inventory in different places, and all self-produced coal chemical products were basically sold out. At the same time, the Group supported the task of national fertilizer off-season commercial reserve system to fully guarantee the demand of fertilizer for farming and actively contributed to food security of the country. In the first half of the year, the Group’s sales volume of major coal chemical products was 2.776 million tonnes, representing a year-on-year increase of 2.8%.

Business Performance

Table on Production and Sales of Coal Chemical Products

Unit: 10 thousand tonnes

Product types	January to June 2022	January to June 2021 (Restated)	Change (%)
(I) Polyolefin			
1. Polyethylene production volume	36.9	39.9	-7.5
Sales volume	35.8	39.8	-10.1
2. Polypropylene production volume	38.3	38.7	-1.0
Sales volume	36.9	39.0	-5.4
(II) Urea			
1. Production volume	100.4	101.4	-1.0
2. Sales volume	114.2	125.5	-9.0
(III) Methanol			
1. Production volume	97.0	66.7	45.4
2. Sales volume	90.7	65.7	38.1

- Notes:
- The process for manufacturing the Group's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas (CO+H₂), which is then purified to produce synthetic ammonia or methanol. Synthetic ammonia and carbon dioxide are used to produce urea. Through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene.
 - The urea sales volume of the Group includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group. The project of Lingshi Chinacoal Chemical Co., Ltd. was discontinued and modified in 2022, leading to a year-on-year decrease of urea sales volume.
 - The methanol sales volume of the Group includes internal consumption volume.

(III) Coal Mining Equipment Operations

In the first half of the year, the Group optimised the organisation of production to dig deep into its own potential. By strengthening the coordination of production, supply and marketing, substantially increasing the production efficiency and making every effort to ensure the delivery of orders with the output level greatly improved, the Group achieved an aggregate production value of RMB5.15 billion in coal mining equipment, representing a year-on-year increase of 7.7%. With the core of consolidating and expanding market share, the Group adopted a flexible and efficient marketing strategy to timely track the market situation and actively seize valid orders, increasing the aggregate value of new contracts by 33.8% year on year. The Group grasped the opportunity of the construction of the intelligent coal mines to continuously enhance the influence of leading products in the industry, as a result of which, the market share in the domestic market of major scraper conveying equipment products has reached 34.1%.

Business Performance

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

Product types	Production value			Revenue	
	January to June 2022	January to June 2021	Change (%)	January to June 2022	Percentage of revenue of the coal mining equipment segment (%)
Main conveyor products	22.5	21.5	4.7	21.06	38.9
Main support products	17.3	17.0	1.8	16.88	31.2
Others	11.7	9.3	25.8	16.22	29.9
Total	51.5	47.8	7.7	54.16	100.0

(IV) Financial Operations

Building on its own business development and the whole industry value chain for coal business, the Group proactively gave full play to the advantages of capital management mechanism of Finance Company and the uniform digital finance platform information technology, so as to strengthen technology empowerment, actively support energy supply, innovate to promote green transformation, and push forward high-quality development of the Group. The Group continuously improved its capital management efficiency and liquidity management level by constantly strengthening effective capital management and accurately analyzing interest rate trend of the market, timely optimizing and adjusting its allocation strategy of the interbank deposit category and term which led to the further expansion of deposit-taking, interbank deposits and other businesses, achieving profit before tax of RMB593 million in the first half of the year, representing a year-on-year increase of 26.2%.

Table on Financial Operations

Unit: RMB100 million

Business types	30 June 2022	30 June 2021	Change (%)
Scale of deposits absorbed	730.7	525.8	39.0
Placement of interbank deposits	631.4	394.6	60.0
Scale of self-operated loans	138.5	143.3	-3.3

Business Performance

(V) Synergy among Business Segments

The Group fully capitalised on the advantages of integrated coal, power and chemical industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. In the first half of the year, the power plants and coal chemical enterprises of the Group jointly promoted clean utilisation and conversion of coal, produced 5.05 million tonnes of coal for internal consumption. For the coal mining equipment business segment, the internal product sales and services revenue was RMB654 million, accounting for 12.1% of the revenue of the segment. For the finance segment, newly issued internal loans amounted to RMB6.640 billion in aggregate and the amount of internal loans as at the end of the reporting period was RMB11.086 billion. Besides, by offering financing convenience with rich varieties and quality service to lower the financing costs, a total of finance expenses amounting to RMB0.208 billion have been saved.

II. ANALYSIS OF CORE COMPETITIVENESS

The Company's core business segments focus on coal, coal chemical, power generation and coal mining equipment. Leveraging on bases located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu, Xinjiang, etc., the Company adheres to the development direction of "efficiency enhancement and incremental transformation", which focuses on the clean and efficient utilization of coal. Revolved around the national green transformation supply guarantee base and based on the integrated coal, power and chemical industry value chains, the Company actively plans for resource acquisition and new project development, striving to enhance the energy supply assurance capacity, and comprehensively promoting the in-depth integration of coal, coal-fired power, coal chemical industry and new energy. The Company has built up a demonstration base of "coal and coal-fired power integration" and "coal-fired power and renewable energy integration" with the characteristics of the Company and would strive to build a world-class clean energy enterprise pursuing "multi-energy complementation, green and low-carbon business, innovation demonstration and modern governance".

Business Performance

For coal operation, the scale of the Company's principal coal business is at the forefront of the country. The production and development layouts are mainly concentrated in the large-scale national energy bases, as well as the regions with abundant resources in central and western China. With its leading position in the industry in terms of the proportion of quality production capacity, coal resource reserves, and technologies and techniques in coal mining, washing, and compounding, the Company has distinctive competitive advantages for large-scale coal mines and low-cost. Mining Areas in Pingshuo, Shanxi and Hujerte, Ordos of Inner Mongolia, primarily developed by the Company, are the important thermal coal production bases in the PRC. Xiangning Mining Area in Shanxi where Wangjialing Coal Mine is located is the production base of coking coal of high quality with low sulphur and extra low phosphorus content in the PRC. Jincheng Mining Area in Shanxi where Libi Coal Mine is located is the production base of high-quality anthracite in the PRC. It is the professional and sophisticated management mode, the capable and efficient production mode, the scale merit of cluster development, the high-quality and abundant coal resources and coordinated development of the industry chain that constitute the core competitive advantages of the Company in the coal industry. For coal chemical operations, the development of modern coal chemical industries such as coal-to-olefins and coal-to-urea is highlighted, the equipment maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products", and major production and operation indicators are still front-rank in the industry. On coal-power business, the Company orderly develops environment-friendly pit-mouth power plants and power plants utilizing inferior coal, actively facilitates the layout of coal and electricity joint venture projects with deep peak modulation capacity, and creates the features and advantages of low-cost, high-efficiency, and comprehensive utilization of resources in a proactive manner. For new energy operations, the Company has abundant on-ground land resources and underground space resources such as coal mining subsidence areas, industrial sites, dumps and underground roadways, which are resource advantages of developing a new energy business. At the same time, the Company focuses on desert, Gobi and barren areas to develop renewable energy demonstration bases in a proactive manner and facilitates the development of new energy business.

The Company is one of the largest coal traders in the PRC with branches in major coal consumption regions, trans-shipment ports and major coal import regions of the PRC. It has an industry-leading proportion of seaborne coal resources in the four northern ports of coal. Capitalizing on its own marketing network of coal sales and logistics system, well-established port service and high-caliber professional teams, the Company is able to provide customers with high-quality services with excellent capabilities for market exploration and distribution.

The Company has the advantages as a large energy enterprise of the whole industry chain for coal business. Under the new situation, the Company has a solid business foundation in expanding the market of intelligent transformation of coal mines and providing energy efficiency improvement and comprehensive energy services for itself and the society.

Business Performance

The Company insists on innovation-driven development strategy by enhancing the allocation of innovation resources, pushing forward the construction of research and development platform and preparing for the formation of a new science and technology research and development institution, which vigorously enhance the innovation ability of science and technology. The Company has increased the implementation of science and technology projects, of which the implementation of major science and technology projects has been effective, and the national key research and development projects have passed the inspection, making a number of technologies reach the international leading level. The Company exerted more efforts into the intelligent construction of coal mines. Some of the first group of national intelligent demonstration coal mines, intelligent coal mine and intelligent work interface were constructed. The Company takes a step forward for digital transformation by developing a digital transformation implementation plan, and the integration of intelligent construction and digital transformation enables the business to improve steadily.

In recent years, the Company has adhered to the strategy with firm confidence in development, and its principal coal business has achieved scale development. By expediting the in-depth integration and development of coal, coal-fired power and coal chemical with new energy, the Company has continuously enhanced value-added capabilities of the overall industry chain and accelerated the shift of development model to a quality and efficiency-focused intensive model, thus continuously improving its core competitiveness. The Company has strived to push forward quality enhancement, cost reduction and efficiency improvement so as to maintain a sound financial structure and enhance risk resistance capability. By vigorously promoting scientific and technological innovation, actively practicing the concepts of “carbon production without carbon emission”, “coal-free” coal chemical industry and “parasitic” energy development, the Company accelerated its green and low-carbon transformation and took solid steps towards high-quality development.

Investor Relations

In the first half of 2022, China Coal Energy continued to optimize investor relations management in strict accordance with relevant regulatory requirements, establish a multi-level and constructive interaction mechanism, maintain in-depth exchange and interactions with various investors, guide capital market expectations in a reasonable manner, maintain the legitimate interests of investors, and promote investors' recognition on the Company's strategies and values.

PROACTIVE BROADENING OF COMMUNICATION CHANNELS WITH INVESTORS AND ESTABLISHMENT OF MULTI-PLATFORM AND MULTI-LEVEL CONSTRUCTIVE INVESTORS INTERACTION MECHANISM

Under the premises of complying with information disclosure requirements, the Company maintained timely and effective communication with various kinds of investors via a variety of platforms and channels, such as investor enquiry hotline, the Shanghai Stock Exchange's E-interactive platform, investor mailbox and WeChat. The Company proactively participated in the collective investor reception day campaigns organized by the stock exchanges or local regulatory bureaus, upheld the investor reception day system and proactively responded to the communication demand of investors. Investors and analysts were reasonably and properly arranged to the Company for on-site survey and seminars to communicate and exchange on the status of the Company, answer questions and listen to investors' opinions and suggestions. The Company fully leveraged on channels such as briefings about results, capital market strategy meetings, investor exchange meetings, roadshow, reverse roadshow, financial media, official company website and public account, third-party livestreaming platforms to enhance constructive interactions with analysts and media, thus actively communicating our corporate value. During the reporting period, over 40 exchange campaigns have been completed via various channels with over 4,300 participants and about 1,000 questions answered, both hitting a new record high.

INNOVATING ORGANISATION METHODS FOR BRIEFINGS FOR RESULTS AND CONVENING OF HIGH-QUALITY PERIODIC RESULTS BRIEFINGS

Adhering to the principles of compliance, equality, initiatives and honesty, the Company innovated the convening of meetings in accordance with the needs on pandemic prevention and control as well as the actual situation of domestic and foreign listing places and convened high-quality briefings for annual and first quarterly results. The Company made full use of ways such as the Shanghai Stock Exchange roadshow center, third-party roadshow center and teleconference, while flexibly adopted digital technology and vivid means to enhance the participation experience of investors, so as to effectively secure the rights of interaction for various kinds of investors, especially medium and minority investors. Information disclosure transparency has been enhanced to realistically reflect the status of the listed company and promote the positive communication of corporate values. The Company's briefing for 2021 A+H share results was the first meeting convened by combined means of teleconference audio livestreaming and internet interaction, including dual-language (Chinese and English) audio livestreaming on various domestic and foreign platforms and online interaction with investors via online text question and answer format. Questions collected in advance of the meeting, issues commonly concerned by investors, such as industry trend, corporate development, production and operation, project progress and dividends, were fully communicated during the meeting, while timely disclosure on the convening of the briefing was made after the meeting. According to the statistics, over 300 people participated in the meeting via telephone and internet, and over 3,000 people viewed the livestreaming of the meeting via various online platforms, marking another new high for coverage of exchange.

Investor Relations

ENHANCING COMPLIANCE IN INFORMATION DISCLOSURE AND STEADILY FOSTERING ESG DISCLOSURE

To comply with the relevant rules of the China Securities Regulatory Commission, Shanghai Stock Exchange and the Stock Exchange as well as the rules on the preparation of periodic reports, the Company has completed disclosure of 6 periodic reports in a high-quality manner, disclosed about 30 announcements on meetings of the board of directors and the board of supervisors, connected transactions and other material matters on the website of Shanghai Stock Exchange and designated domestic newspapers, as well as published about 100 circulars, notices and announcements in Chinese and English on the HKSE Website. With complete, accurate and comprehensive adherence to the new development concept, the Company has further optimised its environment, social responsibility and corporate governance (ESG) system and work mechanisms, while enhanced its ESG management capability. After publishing its social responsibility report for 13 consecutive times since 2008, the Company disclosed its first ESG report to explain its ESG work progress and achievements in 2021, thereby steadily fostering the enhancement of ESG management capability and risk management capability.

FOCUSING ON CAPITAL MARKET INFORMATION FEEDBACK AND ENHANCING MARKET RECOGNITION AND REALISATION OF VALUES

The Company continued to pay attention to capital market news, optimise information collection, establish a system of daily update, weekly conclusion and monthly report, regularly prepare investor relations management reports, irregularly prepare specific analysis report, conclude and make feedbacks on investor relations management, and timely report to the management of the Company on concerns of the capital market as well as material concerns of investors. The Company continuously tracked the transaction of its stocks, enhanced supervision on stock price fluctuations, transaction volume fluctuations and media coverage. In case of abnormal fluctuations of the Company's stock price or transaction volume, the Company would timely communicate and coordinate with various information disclosure obligators to verify and analyse whether there is any material disclosable information yet to be disclosed. By enhancing the studies and application of various market value analytical tools, the Company conducted supervision works on research reports of investment banks, timely tracked the publication of in-depth research reports, and enhanced investors' recognition of its corporate strategies and long-term investment value.

Acting in an honest, practical and determined manner, China Coal Energy will fully implement its annual investor relations management work plan, conduct investor relations management works in compliance with laws, realistically demonstrate the Company's operating results, proactively safeguard shareholders' interests, constantly enhance development quality, continuously increase market recognition, and strive to create a new situation for the value of the listed company.

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 listing places of the Company, etc., and taking into account of its actual circumstances, the Company continued to effectively execute the various working mechanism 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 system among the 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 management system, the internal management and operations of the Company were further regulated with continuous enhancement in management standards.

The Board of the Company currently comprises seven Directors, including two executive Directors, two 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 shareholder's general meeting, two meetings of the Board and two 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 workflow and improving work quality to ensure regulated 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 contracts 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 or its subsidiaries in the first half of 2022.

Corporate Governance

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 code provisions under the Corporate Governance Code as set out in Appendix 14 to 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 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 results of the Company. Ernst & Young, the 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 2022 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, Ernst & Young 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 2022, the Company's share capital structure was as follows:

Type of Shares	<i>Unit: Share</i>	
	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, a wholly-owned subsidiary of China Coal Group	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 2021

The Company's plan of profit distribution for the year of 2021 was considered and approved at the Company's 2021 annual general meeting held on 15 June 2022. Cash dividend of RMB3,984,572,400 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed Company of RMB13,281,908,000, for the year of 2021 as set out in the consolidated financial statements of 2021 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 RMB0.301 per share (tax inclusive). As at the date of disclosure of this report, the aforesaid dividends were duly paid to the Shareholders.

III. INTERIM PROFIT DISTRIBUTION PLAN FOR 2022

The Company does not distribute any interim profit for 2022 and has no proposal to increase capital stock by transfer of reserve fund.

IV. ASSETS TRANSACTION

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

Disclosure of Major Events

V. INVESTMENT OF THE COMPANY DURING THE REPORTING PERIOD

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

In 2022, 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 2022 was RMB14.708 billion. During the reporting period, the actual investment amount was RMB1.764 billion, representing 11.99% of the annual budget. Investment completed mainly concentrated on basic coal and power construction projects, such as Dahaize Coal Mine and auxiliary coal preparation plant project, Libi Coal Mine and auxiliary coal preparation plant project, and Antaibao 2×350MW low calorific value coal power generation project. Affected by the pandemic and safety control, the progress of some projects were lagging behind, while some equity investment, mining rights payment and consideration for production capacity replacement did not temporarily meet the payment conditions, which have also affected the completion of investment.

Performance of Capital Expenditure Budgeted for the First Half of 2022 (By Items)

Unit: RMB100 million

Items of capital expenditure	Actual investment from January to June 2022	Budgeted investment in 2022	Actual investment ratio %
Total	17.64	147.08	11.99
Infrastructure projects	13.25	83.64	15.84
Procurement and maintenance of fixed assets	3.53	33.12	10.66
Equity investment	0.19	4.89	3.89
Other capital expenditures	0.67	25.44	2.63

Performance of Capital Expenditure Budgeted for the First Half of 2022 (By Business Segments)

Unit: RMB100 million

Business segments	Actual investment from January to June 2022	Budgeted investment in 2022	Actual investment ratio %
Total	17.64	147.08	11.99
Coal	13.36	101.98	13.10
Coal chemical	0.59	9.86	5.98
Coal mining equipment	0.33	4.00	8.25
Power generation	1.94	14.78	13.13
Other	1.42	16.46	8.63

Disclosure of Major Events

(II) Overall Analysis on External Equity Investments

In the first half of the year, the external equity investment was RMB19 million, which was primarily the subsequent settlement of equity investment project.

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

For the six months ended 30 June 2022, 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 2022, 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 2022, 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.

Disclosure of Major Events

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 2022, none of the Directors, Supervisors or chief executive of the Company had any interests 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 2022, 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 2022, the Company had a total of 44,059 on-the-job employees, including 27,343 production personnel, 1,037 sales personnel, 9,214 technical personnel, 870 financial personnel, 3,159 administrative personnel and 2,436 other personnel.

Under the principles of “integrations between lean and efficient deployment and safe production security”, “integrations between staff reduction, efficiency enhancement and staff structure optimisation” and “strengthening core team building and improving employee quality”, the Company enhanced staff management, continued to promote optimised human resources deployment, enhanced the establishment, education and training of core talent teams, and fostered the improvement of talent team quality to meet the development needs of various industries.

In the first half of the year, the Company promoted continuous education for its employees on situational tasks, management improvement and overall quality of employees. By actively cooperating with various national training institutions, the Company organized corporation reform and trainings on promotion of overall quality of leading cadres, and has proactively established its internal Internet learning platform, while organised and participated in various online training courses on compliance management, carbon emissions peak and carbon neutrality, offshore security risk, etc. Such acts have effectively enhanced the overall quality of the employee team.

In terms of employee remuneration strategy, the Company achieved high-quality development of various works, including thoroughly promoted the reform of revenue allocation, optimised the remuneration incentive mechanism, vigorously and orderly facilitated qualified enterprises to carry out medium and long-term incentive works, motivated work initiatives and innovations, fostered reform and innovations, improved quality and efficiency, as well as risk prevention.

Disclosure of Major Events

X. CHANGES IN DIRECTORS AND SUPERVISORS

For the six months ended 30 June 2022, there were no changes in Directors and Supervisors of the Company.

XI. OTHER DISCLOSED EVENTS

During the reporting period, the Company did not have other disclosed events.

XII. SUBSEQUENT EVENTS

On 5 July 2022, the third meeting of the fourth session of the Board of the Company considered and passed the revision of the annual caps for the years from 2022 to 2023 for certain continuing connected transactions of the Company, including approving the revision of the annual cap amount for 2022 for the purchase of coal products by the Company from China Coal Group and its subsidiaries under the Supplementary Agreement to the Coal Supply Framework Agreement and the Coal Supply Framework Agreement entered into between the Company and China Coal Group from RMB11.00 billion to RMB22.20 billion, and the cap amount for 2023 for the same from RMB11.30 billion to RMB27.60 billion; and approving the revision of the annual cap for 2022 for the provision of raw materials and ancillary services and of the coal export-related services by the Company to China Coal Group and its subsidiaries under the Supplementary Agreement to the Integrated Materials and Services Mutual Provision Framework Agreement and the Integrated Materials and Services Mutual Provision Framework Agreement entered into between the Company and China Coal Group from RMB4.50 billion to RMB9.80 billion, and the revision of the annual cap for 2023 for the same from RMB4.50 billion to RMB9.40 billion. The above matters have been considered and passed at the 2022 first extraordinary general meeting of the Company. For details, please refer to the announcements published by the Company on the websites of SSE, HKSE and the Company on 5 July, 11 July and 25 August 2022.

On 5 July 2022, the third meeting of the fourth session of the Board of the Company considered and approved the amendment to the Articles of Association, which was considered and passed by the 2022 first extraordinary general meeting, A shareholders' class meeting and H shareholders' class meeting of the Company. For details, please refer to the announcements published by the Company on the websites of SSE, HKSE and the Company on 5 July, 11 July and 25 August 2022.

XIII. FORWARD-LOOKING STATEMENTS

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 in 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. The 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



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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 interim financial information set out on pages 46 to 96, which comprises the condensed consolidated statement of financial position of China Coal Energy Company Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 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 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 Standard Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 Standard Board. A review of interim financial information 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

25 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited/ restated)
Revenue	7	118,038,729	102,179,485
Cost of sales	10		
Materials used and goods traded		(66,063,741)	(63,871,313)
Staff costs		(3,555,123)	(2,724,310)
Depreciation and amortisation		(4,940,537)	(5,148,755)
Repairs and maintenance		(1,225,537)	(1,153,924)
Transportation costs and port expenses		(5,317,233)	(5,365,270)
Sales taxes and surcharges		(3,613,622)	(2,521,260)
Others		(4,739,902)	(4,290,980)
		<u>(89,455,695)</u>	<u>(85,075,812)</u>
Gross profit		28,583,034	17,103,673
Selling expenses	10	(371,682)	(376,862)
General and administrative expenses	10	(2,540,014)	(2,190,758)
Other income, gains and losses, net	8	(1,790,521)	59,498
Impairment losses under expected credit loss model, net of reversal	9	(10,369)	(22,304)
		<u>(4,702,586)</u>	<u>(3,070,426)</u>
Profit from operations		23,870,448	14,573,247
Finance income	11	25,056	53,828
Finance costs	11	(2,061,040)	(2,051,130)
Share of profits of associates and joint ventures		3,156,453	1,852,894
		<u>(1,885,528)</u>	<u>(1,944,408)</u>
Profit before income tax		24,990,917	14,428,839
Income tax expense	12	(5,184,216)	(2,940,576)
		<u>(5,184,216)</u>	<u>(2,940,576)</u>
Profit for the period		19,806,701	11,488,263

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited/ restated)
PROFIT FOR THE PERIOD	19,806,701	11,488,263
Other comprehensive 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	<u>149,545</u>	<u>10,235</u>
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	10,405	(8,725)
Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss	(758)	(1,588)
Exchange differences arising on translation of foreign operations	<u>(6,587)</u>	<u>(16,552)</u>
Other comprehensive income/(expense) for the period, net of tax	<u>152,605</u>	<u>(16,630)</u>
Total comprehensive income for the period	<u>19,959,306</u>	<u>11,471,633</u>
Profit for the period attributable to:		
Equity holders of the Company	14,529,437	8,573,792
Non-controlling interests	<u>5,277,264</u>	<u>2,914,471</u>
	<u>19,806,701</u>	<u>11,488,263</u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	14,682,879	8,565,062
Non-controlling interests	<u>5,276,427</u>	<u>2,906,571</u>
	<u>19,959,306</u>	<u>11,471,633</u>
Basic and diluted earnings per share for the profit attributable to equity holders of the Company (RMB)	<u>1.10</u>	<u>0.65</u>

Condensed Consolidated Statement of Financial Position

At 30 June 2022

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Restated)
Non-current assets			
Property, plant and equipment	15	126,661,876	129,208,630
Right-of-use assets		393,762	406,752
Investment properties		82,238	84,413
Mining rights	16	42,766,157	43,070,151
Intangible assets	17	1,884,992	1,924,916
Land use rights	18	6,618,582	6,385,064
Goodwill		6,084	6,084
Investments in associates		24,676,308	22,638,811
Investments in joint ventures		3,965,638	4,048,413
Equity instruments at fair value through other comprehensive income		2,580,318	2,417,834
Deferred income tax assets	29	2,573,791	2,376,648
Long-term receivables		434,054	369,680
Other non-current assets	19	3,368,797	3,855,168
		<hr/>	<hr/>
Total non-current assets		216,012,597	216,792,564
		<hr/>	<hr/>
Current assets			
Inventories	20	8,892,839	8,322,812
Trade receivables	21	8,917,244	7,768,165
Debt instruments at fair value through other comprehensive income	21	8,270,183	5,954,995
Contract assets	22	1,899,062	1,662,944
Prepayments and other receivables	23	8,463,034	8,774,646
Restricted bank deposits	24	8,515,365	6,150,730
Term deposits with initial terms of over three months		45,381,504	35,678,680
Cash and cash equivalents		26,230,324	31,095,384
		<hr/>	<hr/>
Total current assets		116,569,555	105,408,356
		<hr/>	<hr/>
TOTAL ASSETS		332,582,152	322,200,920
		<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Current liabilities			
Trade and notes payables	25	25,124,509	27,264,143
Contract liabilities		4,320,200	5,372,787
Accruals, advances and other payables	26	36,144,225	29,682,567
Taxes payable		3,469,275	3,183,238
Lease liabilities		79,339	74,325
Short-term borrowings	27	533,547	654,155
Current portion of long-term borrowings	27	25,910,107	11,578,247
Current portion of long-term bonds	28	474,191	10,063,267
Current portion of provision for closedown, restoration and environmental costs	30	40,361	66,874
Total current liabilities		96,095,754	87,939,603
Non-current liabilities			
Long-term borrowings	27	46,186,465	60,862,670
Long-term bonds	28	13,777,470	14,173,894
Deferred income tax liabilities	29	5,470,732	5,597,260
Lease liabilities		391,809	419,448
Provision		42,093	79,532
Provision for employee benefits		101,669	96,972
Provision for closedown, restoration and environmental costs	30	4,984,572	3,583,885
Deferred revenue		2,321,320	2,350,555
Other long-term liabilities		4,441,437	4,264,637
Total non-current liabilities		77,717,567	91,428,853
Total liabilities		173,813,321	179,368,456

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Equity			
Share capital	<i>31</i>	13,258,663	13,258,663
Reserves		50,423,366	49,251,789
Retained earnings		60,984,065	51,599,022
		<hr/>	<hr/>
Equity attributable to the equity holders of the Company		124,666,094	114,109,474
Non-controlling interests		34,102,737	28,722,990
		<hr/>	<hr/>
Total equity		158,768,831	142,832,464
		<hr/> <hr/>	<hr/> <hr/>
TOTAL EQUITY AND LIABILITIES		332,582,152	322,200,920
		<hr/> <hr/>	<hr/> <hr/>

The interim condensed consolidated financial statements on pages 46 to 96 were approved and authorised for issue by the Board of Directors on 25 August 2022 and are signed on its behalf by:

Wang Shudong
*Chairman of the Board
Executive Director*

Chai Qiaolin
Chief Financial Officer

Zheng Weili
Manager of Finance Department

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital RMB'000	Reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 31 December 2021 as previously reported	13,258,663	49,195,789	51,095,657	113,550,109	28,613,862	142,163,971
Acquisition of subsidiaries under common control in 2022 (Note 3.2)	–	56,000	73,087	129,087	101,425	230,512
Application of Amendments of IAS 16 (Note 4)	–	–	430,278	430,278	7,703	437,981
At 1 January 2022 (Restated)	13,258,663	49,251,789	51,599,022	114,109,474	28,722,990	142,832,464
Profit for the period	–	–	14,529,437	14,529,437	5,277,264	19,806,701
Other comprehensive income for the period, net of tax	–	153,442	–	153,442	(837)	152,605
Total comprehensive income for the period	–	153,442	14,529,437	14,682,879	5,276,427	19,959,306
Appropriations	–	1,035,512	(1,035,512)	–	–	–
Share of other changes of reserves of associates and joint ventures	–	118,024	(118,024)	–	–	–
Acquisition of a subsidiary under common control in 2022 (Note 3.2)	–	(135,677)	–	(135,677)	–	(135,677)
Contributions from non-controlling interests	–	–	–	–	110,000	110,000
Dividends (Note 13)	–	–	(3,990,858)	(3,990,858)	(1,529)	(3,992,387)
Disposal of a subsidiary	–	–	–	–	(5,847)	(5,847)
Others	–	276	–	276	696	972
At 30 June 2022 (Unaudited)	13,258,663	50,423,366	60,984,065	124,666,094	34,102,737	158,768,831
At 31 December 2020 as previously reported	13,258,663	48,134,941	40,407,688	101,801,292	23,006,117	124,807,409
Acquisition of subsidiaries under common control in 2022	–	55,984	46,002	101,986	80,131	182,117
At 1 January 2021 (Restated)	13,258,663	48,190,925	40,453,690	101,903,278	23,086,248	124,989,526
Profit for the period (Restated)	–	–	8,573,792	8,573,792	2,914,471	11,488,263
Other comprehensive income for the period, net of income tax (Restated)	–	(8,730)	–	(8,730)	(7,900)	(16,630)
Total comprehensive income for the period (Restated)	–	(8,730)	8,573,792	8,565,062	2,906,571	11,471,633
Appropriations	–	771,009	(770,820)	189	–	189
Share of other changes of reserves of associates and joint ventures	–	103,828	(103,828)	–	–	–
Contributions from non-controlling interests	–	–	–	–	30,000	30,000
Dividends	–	–	(1,776,661)	(1,776,661)	(483,205)	(2,259,866)
At 30 June 2021 (Unaudited)	13,258,663	49,057,032	46,376,173	108,691,868	25,539,614	134,231,482

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited/ restated)
OPERATING ACTIVITIES		
Cash generated from operations	25,352,344	22,446,798
Income tax paid	(5,230,162)	(1,914,846)
Net cash generated from operating activities	20,122,182	20,531,952
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(4,423,192)	(3,709,294)
Proceeds from disposals of property, plant and equipment	44,874	70,330
Proceeds from disposals of intangible assets	182	4,237
Payments for land use rights, mining rights and intangible assets	(660,129)	(561,870)
Payment for investment in an associate	(17,779)	(200,000)
Dividends received	1,170,395	542,489
Loans repayment from the Parent Company and fellow subsidiaries	1,845,341	771,906
Loans granted to the Parent Company and fellow subsidiaries	(654,000)	(899,500)
Interest income on loans receivable	172	100
Interest income on loans to the Parent Company and fellow subsidiaries	69,168	137,126
Interest income on term deposits	368,804	140,802
Increase in term deposits with initial terms of over three months	(9,702,823)	(11,300,000)
Disposal of a subsidiary	7,544	–
Refund of prepayments for investments in prior years and related interests	896	–
Net cash used in investing activities	(11,950,547)	(15,003,674)
FINANCING ACTIVITIES		
Proceeds from borrowings	3,584,030	17,161,745
Repayments of borrowings	(4,050,686)	(13,097,212)
Repayments of long-term bonds	(10,000,000)	(2,800,000)
Purchase of non-controlling interest in a subsidiary	–	(50,332)
Payment for acquisition of subsidiaries under common control (Note 3.1&3.2)	(136,297)	–
Contributions from non-controlling interests	110,000	30,000
Dividends paid	(265,092)	(2,624,718)
Interest paid	(2,237,462)	(2,297,789)
Proceeds from issuance of long-term bonds	–	3,000,000
Repayments of lease liabilities	(52,323)	(36,673)
Bond issuance costs	(2,084)	(34,354)
Net cash used in financing activities	(13,049,914)	(749,333)
Net (decrease)/increase in cash and cash equivalents	(4,878,279)	4,778,945
Cash and cash equivalents, at the beginning of the period	31,095,384	15,086,751
Effect of foreign exchange rate changes	13,219	10,605
Cash and cash equivalents at the end of the period	26,230,324	19,876,301

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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 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 referred to as the “Group”) are principally engaged in mining and coal processing, sales of coal and 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 thousands of Renminbi (“RMB”), which is also the functional currency of the Company.

The interim condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”), issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

3.1 Second Half Year of 2021 Acquisition

On 26 October 2021, the Group acquired a 100% equity interest in Beijing Zhongzhuang Changrong Coal Mining Machinery Co., Ltd (“Changrong Company”, 北京中裝昌榮煤礦機械有限責任公司) for a cash consideration of RMB4,320,000. On 30 November 2021, the Group acquired a 100% equity interest in Pingshuo Industrial Group Company Limited (“Pingshuo Industrial Company”, 平朔工業集團有限責任公司) for a cash consideration of RMB1,408,863,000. These acquisitions were referred to as the “Second Half Year of 2021 Acquisition”.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

3.1 Second Half Year of 2021 Acquisition (continued)

As the Group, Changrong Company and Pingshuo Industrial Company were under common control of China Coal Group before and after the Second Half Year of 2021 Acquisition, the acquisition is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the interim condensed consolidated financial statements of the Group have been prepared as if Changrong Company and Pingshuo Industrial Company were subsidiaries of the Company ever since they were under common control of China Coal Group.

Accordingly, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2021 have been restated to include the results and cash flows of Changrong Company and Pingshuo Industrial Company as if Changrong Company and Pingshuo Industrial Company were subsidiaries of the Company throughout the six months ended 30 June 2021. Respective notes to the interim condensed consolidated financial statements have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

3.2 2022 Acquisition

On 14 January 2022, a wholly-owned subsidiary of the Company, China Coal Sales and Transportation Company Limited (“China Coal Sales Company”, 中國煤炭銷售運輸有限責任公司), acquired a 56% equity interest in Jingmin Industrial and Trading Company Limited (“Jing Min Company”, 中煤京閩(福建)工貿有限公司) held by the Parent Company at a consideration of RMB135,677,000. The acquisition was referred to as the “2022 Acquisition”.

As the Group and Jing Min Company were under common control of China Coal Group before and after the 2022 Acquisition, the acquisition is considered as a business combination 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 Jing Min Company was a subsidiary of the Company ever since it was under common control of China Coal Group.

Accordingly, the condensed consolidated statement of financial position as at 31 December 2021 has been restated to include the assets and liabilities of Jing Min Company at carrying amounts in the books of the Group. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2021 have been restated to include the results and cash flows of Jing Min Company as if Jing Min Company was a subsidiary of the Company throughout the six months ended 30 June 2021. Respective notes to the interim condensed consolidated financial statements have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

3.3 Impacts of business combinations under common control

As a result of the 2022 Acquisition, the relevant line items in the condensed consolidated statement of financial position as at 31 December 2021 have been restated. The following table shows the effect for each individual line item affected:

Condensed consolidated statement of financial position as at 31 December 2021:

	The Group (as previously reported)	Effect of 2022 Acquisition	Consolidation adjustments	The Group (after Acquisition)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	128,763,219	5,145	–	128,768,364
Intangible assets	1,924,774	142	–	1,924,916
Deferred income tax assets	2,373,505	3,143	–	2,376,648
Inventories	8,192,303	132,794	–	8,325,097
Trade receivables	7,545,912	320,934	(98,681)	7,768,165
Debt instruments at fair value through other comprehensive income	5,926,495	28,500	–	5,954,995
Prepayments and other receivables	8,732,859	41,791	(4)	8,774,646
Cash and cash equivalents	31,095,231	224,767	(224,614)	31,095,384
Trade and notes payables	27,198,784	163,611	(98,252)	27,264,143
Contract liabilities	5,176,923	195,864	–	5,372,787
Accruals, advances and other payables	29,829,409	78,205	(225,047)	29,682,567
Taxes payable	3,175,727	7,511	–	3,183,238
Short-term borrowings	581,547	72,608	–	654,155
Deferred revenue	2,341,650	8,905	–	2,350,555
Share capital	13,258,663	100,000	(100,000)	13,258,663
Reserves	49,195,789	54,147	1,853	49,251,789
Retained earnings	51,095,657	76,365	(3,278)	51,168,744
Non-controlling interests	28,613,862	–	101,425	28,715,287

As a result of the Second Half Year of 2021 Acquisition and 2022 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 2021, have been restated. The following table shows the effect for each individual line item affected:

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

3.3 Impacts of business combinations under common control (continued)

Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021:

	The Group (as previously reported) <i>RMB'000</i>	Effect of 2022 Acquisition <i>RMB'000</i>	Effect of the Second Half Year of 2021 Acquisition <i>RMB'000</i>	Elimination <i>RMB'000</i>	The Group (after Acquisition) <i>RMB'000</i>
Revenue	98,719,897	3,693,776	69,051	(378,566)	102,104,158
Materials used and goods traded	(60,514,494)	(3,651,696)	(35,471)	377,491	(63,824,170)
Staff costs	(2,703,382)	–	(6,578)	–	(2,709,960)
Depreciation and amortisation	(5,148,574)	–	(181)	–	(5,148,755)
Repairs and maintenance	(1,144,857)	–	(245)	–	(1,145,102)
Transportation costs and port expenses	(5,363,496)	–	(30)	–	(5,363,526)
Sales taxes and surcharges	(2,507,343)	(2,711)	(171)	–	(2,510,225)
Others	(4,200,625)	–	(22,778)	995	(4,222,408)
Selling expenses	(468,368)	(6,521)	(450)	1,075	(474,264)
General and administrative expenses	(2,186,647)	(3,043)	(1,068)	–	(2,190,758)
Other income	1,600	–	3	–	1,603
Impairment losses under expected credit loss model, net of reversal	(21,941)	(363)	–	–	(22,304)
Finance income	53,828	995	–	(995)	53,828
Finance costs	(2,049,973)	(1,157)	–	–	(2,051,130)
Income tax expense	(2,935,866)	(4,638)	(72)	–	(2,940,576)
Fair value changes on debt instruments at fair value through other comprehensive income, net of tax	(8,257)	(468)	–	–	(8,725)

Condensed consolidated statement of cash flows for the six months ended 30 June 2021:

	The Group (as previously reported) <i>RMB'000</i>	Effect of 2022 Acquisition <i>RMB'000</i>	Effect of the Second Half Year of 2021 Acquisition <i>RMB'000</i>	The Group (after Acquisition) <i>RMB'000</i>
Net cash generated from operating activities	20,410,496	121,086	370	20,531,952
Net cash used in investing activities	(15,003,663)	(10)	(1)	(15,003,674)
Net cash used in financing activities	(781,549)	32,216	–	(749,333)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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, as appropriate.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) (continued)

There's no cumulative effect of initially applying the amendments and no adjustment to the retained earnings on 1 January 2021. Set out below are the amounts by which the condensed consolidated statement of financial position as at 31 December 2021 was affected as at 31 December 2021 due to the application of Amendments to IAS 16:

	The Group (after Acquisition) RMB'000 (Note 3.3)	Effect of Application of Amendments to IAS16 RMB'000	The Group RMB'000 (Restated)
Property, plant and equipment	128,768,364	440,266	129,208,630
Total non-current assets	216,352,298	440,266	216,792,564
Inventories	8,325,097	(2,285)	8,322,812
Total current assets	105,410,641	(2,285)	105,408,356
TOTAL ASSETS	321,762,939	437,981	322,200,920
Retained earnings	51,168,744	430,278	51,599,022
Equity attributable to the equity holders of the Company	113,679,196	430,278	114,109,474
Non-controlling interests	28,715,287	7,703	28,722,990
Total equity	142,394,483	437,981	142,832,464
TOTAL EQUITY AND LIABILITIES	321,762,939	437,981	322,200,920

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) (continued)

Set out below are the amounts by which the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 was affected due to the application of Amendments to IAS 16:

	The Group (after Acquisition) RMB'000 (Note 3.3)	Effect of Application of Amendments to IAS16 and others RMB'000	The Group RMB'000 (Restated)
Revenue	102,104,158	75,327	102,179,485
Materials used and goods traded	(63,824,170)	(47,143)	(63,871,313)
Staff costs	(2,709,960)	(14,350)	(2,724,310)
Repairs and maintenance	(1,145,102)	(8,822)	(1,153,924)
Transportation costs and port expenses	(5,363,526)	(1,744)	(5,365,270)
Sales taxes and surcharges	(2,510,225)	(11,035)	(2,521,260)
Others	(4,222,408)	(68,572)	(4,290,980)
Cost of sales	(84,924,146)	(151,666)	(85,075,812)
Gross profit	17,180,012	(76,339)	17,103,673
Selling expenses	(474,264)	97,402	(376,862)
Profit from operations	14,552,184	21,063	14,573,247
Profit before income tax	14,407,776	21,063	14,428,839
Profit for the period	11,467,200	21,063	11,488,263

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- (d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

5. ESTIMATES

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

In preparing these interim condensed consolidated financial information, 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 2021.

6. SEGMENTS INFORMATION

6.1 General information

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

The chief operating decision maker ("CODM") has been identified as the Management Office (管理處).

The Group's operating and reportable segments are entities or groups 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 the nature of products and services, production process and environment in which they operate. Most of these entities engage in just one single business under one operating segment, except for a few entities dealing with a variety of operations. Financial information of entities operating in more than one segment has been separately presented as discrete segment information for CODM's review.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

6. SEGMENTS INFORMATION (CONTINUED)

6.1 General information (continued)

(b) Reportable operating segments

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

- Coal segment – Production and sales of coal;
- Coal-chemical products segment – Production and sales of coal-chemical products;
- Mining machinery segment – Manufacturing and sales of mining machinery; and
- Finance segment – Providing deposits-taking, loans, bills acceptance and discount and other financial services to entities within the Group and China Coal Group.

In addition, segments relating to electricity generation, aluminium, equipment trading agency services, tendering services and other insignificant manufacturing businesses which are not separately reported are combined and disclosed within the category of “Others” segment.

6.2 Information about profit or loss, assets and liabilities of the reportable operating segments

(a) Measurement of profit or loss, assets and liabilities of the reportable operating segments

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 made to 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 and assets and liabilities of head office.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

6. SEGMENTS INFORMATION (CONTINUED)

6.2 Information about profit or loss, assets and liabilities of the reportable operating segments (continued)

(b) Profit or loss, assets and liabilities of the reportable operating segments

	For the six months ended 30 June 2022 (Unaudited)								
	Coal RMB'000	Coal- chemical products RMB'000	Mining machinery RMB'000	Finance RMB'000	Others RMB'000	Total segment RMB'000	Unallocated RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Segment revenue:									
Total revenue	101,825,099	12,402,469	5,416,383	1,124,840	4,071,401	124,840,192	-	(6,801,463)	118,038,729
Inter-segment revenue	(5,078,885)	(246,913)	(654,153)	(209,048)	(612,464)	(6,801,463)	-	6,801,463	-
Revenue from external customers	<u>96,746,214</u>	<u>12,155,556</u>	<u>4,762,230</u>	<u>915,792</u>	<u>3,458,937</u>	<u>118,038,729</u>	<u>-</u>	<u>-</u>	<u>118,038,729</u>
Segment results									
Profit/(loss) from operations	21,663,227	1,354,851	332,666	593,844	(113,422)	23,831,166	(150,736)	190,018	23,870,448
Profit/(loss) before income tax	22,496,727	2,450,716	316,624	593,485	(134,888)	25,722,664	(778,846)	47,099	24,990,917
Interest income	115,911	32,429	16,237	-	10,904	175,481	408,407	(558,832)	25,056
Interest expenses	(886,370)	(396,600)	(41,255)	-	(84,039)	(1,408,264)	(1,120,909)	460,607	(2,068,566)
Depreciation and amortisation	(3,185,043)	(1,586,003)	(212,577)	(747)	(210,955)	(5,195,325)	(9,794)	-	(5,205,119)
Share of profits of associates and joint ventures	1,600,575	1,460,246	11,070	-	-	3,071,891	84,562	-	3,156,453
Income tax expense	(4,675,311)	(228,052)	(28,220)	(144,797)	(109,926)	(5,186,306)	-	2,090	(5,184,216)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(702,480)	(695,879)	-	-	-	(1,398,359)	-	-	(1,398,359)
Provision for impairment of other assets	(176,629)	(25,690)	(15,835)	(42,084)	(301,705)	(561,943)	(1,822)	60,960	(502,805)
Addition to non-current assets	2,390,869	1,945,338	84,985	-	8,726	4,429,918	2,400	-	4,432,318
Segment assets and liabilities									
Total assets	<u>160,085,867</u>	<u>62,968,444</u>	<u>20,037,070</u>	<u>81,391,809</u>	<u>13,011,851</u>	<u>337,495,041</u>	<u>13,333,853</u>	<u>(18,246,742)</u>	<u>332,582,152</u>
Including: interests in associates and joint ventures	<u>9,317,329</u>	<u>14,692,959</u>	<u>592,033</u>	<u>-</u>	<u>86,637</u>	<u>24,688,958</u>	<u>3,952,988</u>	<u>-</u>	<u>28,641,946</u>
Total liabilities	<u>65,660,132</u>	<u>19,818,744</u>	<u>9,031,822</u>	<u>76,215,359</u>	<u>9,451,075</u>	<u>180,177,132</u>	<u>63,576,724</u>	<u>(69,940,535)</u>	<u>173,813,321</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

6. SEGMENTS INFORMATION (CONTINUED)

6.2 Information about profit or loss, assets and liabilities of the reportable operating segments (continued)

(b) Profit or loss, assets and liabilities of the reportable operating segments (continued)

	For the six months ended 30 June 2021 and as at 31 December 2021 (Restated)								
	Coal	Coal-chemical products	Mining machinery	Finance	Others	Total segment	Unallocated	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:									
Total revenue	86,787,214	10,665,377	4,958,479	745,276	4,317,077	107,473,423	-	(5,293,938)	102,179,485
Inter-segment revenue	(3,811,068)	(184,495)	(525,344)	(185,395)	(587,636)	(5,293,938)	-	5,293,938	-
Revenue from external customers	<u>82,976,146</u>	<u>10,480,882</u>	<u>4,433,135</u>	<u>559,881</u>	<u>3,729,441</u>	<u>102,179,485</u>	<u>-</u>	<u>-</u>	<u>102,179,485</u>
Segment results									
Profit/(loss) from operations	11,898,789	1,673,451	281,209	470,543	428,031	14,752,023	(183,330)	4,554	14,573,247
Profit/(loss) before income tax									
Interest income	11,715,874	2,459,564	241,393	470,161	347,953	15,234,945	(826,038)	19,932	14,428,839
Interest expense	189,137	22,456	9,180	-	7,808	228,581	537,598	(712,351)	53,828
Depreciation and amortisation	(1,001,512)	(408,552)	(33,982)	-	(116,492)	(1,560,538)	(1,255,816)	754,939	(2,061,415)
Share of profits/(losses) of associates and joint ventures	(3,319,457)	(1,392,072)	(232,843)	(815)	(399,640)	(5,344,827)	(8,058)	-	(5,352,885)
Income tax expense	624,491	1,172,053	(18,895)	-	-	1,777,649	75,245	-	1,852,894
	(2,475,880)	(222,082)	(33,307)	(116,470)	(57,457)	(2,905,196)	-	(35,380)	(2,940,576)
Other material non-cash items									
(Provision for)/Reversal of impairment of other assets	7,938,277	3,953,127	198,532	126	67,611	12,157,673	(383,978)	-	11,773,695
	(6,299)	(59)	(15,547)	(16,024)	5,520	(32,409)	(1,047)	15,413	(18,043)
Segment assets and liabilities									
Total assets	<u>164,854,985</u>	<u>58,781,692</u>	<u>19,243,827</u>	<u>75,667,250</u>	<u>11,538,899</u>	<u>330,086,653</u>	<u>13,587,599</u>	<u>(21,473,332)</u>	<u>322,200,920</u>
Including: interests in associates and joint ventures	<u>8,666,869</u>	<u>13,481,969</u>	<u>577,033</u>	<u>-</u>	<u>134,097</u>	<u>22,859,968</u>	<u>3,827,256</u>	<u>-</u>	<u>26,687,224</u>
Total liabilities	<u>70,356,829</u>	<u>20,835,953</u>	<u>9,031,696</u>	<u>70,933,993</u>	<u>5,594,810</u>	<u>176,753,281</u>	<u>68,508,960</u>	<u>(65,893,785)</u>	<u>179,368,456</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

6. SEGMENTS INFORMATION (CONTINUED)

6.3 Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location of the operations with reference to the customers' location. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Analysis of revenue

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited/ restated)
Domestic markets	117,292,121	101,643,875
Overseas markets	746,608	535,610
	<u>118,038,729</u>	<u>102,179,485</u>

Analysis of non-current assets

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated)
Domestic markets	210,113,410	211,279,510
Overseas markets	425	580
	<u>210,113,835</u>	<u>211,280,090</u>

Note:

The non-current assets above exclude financial instruments, deferred income tax assets and finance lease receivables included in the Long-term receivables.

6.4 Major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue for the six months ended 30 June 2022 and 2021.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

7. REVENUE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited/ Restated)
Revenue from contracts with customers		
Goods and services	116,971,819	101,457,055
Rental income	151,118	162,549
Interest income	915,792	559,881
	<u>118,038,729</u>	<u>102,179,485</u>

(i) **Disaggregation of revenue from contracts with customers for the six months ended 30 June 2022 and 2021:**

	For the six months ended 30 June 2022 (unaudited)				
	Coal	Coal- Chemical Products	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods recognised					
Sales of coal	96,475,259	–	–	–	96,475,259
Sales of coal-chemical products	–	12,137,435	–	–	12,137,435
Sales of mining machinery	–	–	4,495,188	–	4,495,188
Sales of electric power	–	–	–	1,992,349	1,992,349
Sales of aluminium products	–	–	–	969,591	969,591
Others	57,478	11,872	121,826	–	191,176
	<u>96,532,737</u>	<u>12,149,307</u>	<u>4,617,014</u>	<u>2,961,940</u>	<u>116,260,998</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

7. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers for the six months ended 30 June 2022 and 2021: (continued)

	For the six months ended 30 June 2022 (unaudited)				
	Coal	Coal- Chemical Products	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision of services recognised					
Agency services	19,046	–	12,418	54,245	85,709
Railway services	2,250	–	–	72,921	75,171
Others	62,715	–	118,634	368,592	549,941
	<u>84,011</u>	<u>–</u>	<u>131,052</u>	<u>495,758</u>	<u>710,821</u>
Revenue from contracts with customers	<u>96,616,748</u>	<u>12,149,307</u>	<u>4,748,066</u>	<u>3,457,698</u>	<u>116,971,819</u>
Analysed by geographical markets					
Domestic markets	95,932,866	12,148,465	4,686,182	3,457,698	116,225,211
Overseas markets	683,882	842	61,884	–	746,608
	<u>96,616,748</u>	<u>12,149,307</u>	<u>4,748,066</u>	<u>3,457,698</u>	<u>116,971,819</u>
	For the six months ended 30 June 2021 (unaudited/restated)				
	Coal	Coal- Chemical Products	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods recognised					
Sales of coal	82,735,807	–	–	–	82,735,807
Sales of coal-chemical products	–	10,456,231	–	–	10,456,231
Sales of mining machinery	–	–	4,246,509	–	4,246,509
Sales of electric power	–	–	–	2,076,056	2,076,056
Sales of aluminium products	–	–	–	1,000,658	1,000,658
Others	87,563	16,383	115,848	22,300	242,094
	<u>82,823,370</u>	<u>10,472,614</u>	<u>4,362,357</u>	<u>3,099,014</u>	<u>100,757,355</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

7. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers for the six months ended 30 June 2022 and 2021: (continued)

	For the six months ended 30 June 2021 (unaudited/restated)				
	Coal	Coal- Chemical Products	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision of services recognised					
Agency services	7,165	–	10,044	116,258	133,467
Railway services	1,407	–	–	38,090	39,497
Others	4,002	2,350	46,007	474,377	526,736
	<u>12,574</u>	<u>2,350</u>	<u>56,051</u>	<u>628,725</u>	<u>699,700</u>
Revenue from contracts with customers	<u>82,835,944</u>	<u>10,474,964</u>	<u>4,418,408</u>	<u>3,727,739</u>	<u>101,457,055</u>
Analysed by geographical markets					
Domestic markets	82,642,097	10,410,050	4,150,317	3,718,981	100,921,445
Overseas markets	193,847	64,914	268,091	8,758	535,610
	<u>82,835,944</u>	<u>10,474,964</u>	<u>4,418,408</u>	<u>3,727,739</u>	<u>101,457,055</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

7. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers for the six months ended 30 June 2022 and 2021: (continued)

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

	For the six months ended 30 June 2022 (unaudited)			
	Segment revenue <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Less: rental and interest income <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Coal	101,825,099	(5,078,885)	(129,466)	96,616,748
Coal-chemical products	12,402,469	(246,913)	(6,249)	12,149,307
Mining machinery	5,416,383	(654,153)	(14,165)	4,748,065
Finance	1,124,840	(209,048)	(915,792)	–
Others	4,071,401	(612,464)	(1,238)	3,457,699
Total	124,840,192	(6,801,463)	(1,066,910)	116,971,819

	For the six months ended 30 June 2021 (unaudited/restated)			
	Segment revenue <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Less: rental and interest income <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Coal	86,787,214	(3,811,068)	(140,202)	82,835,944
Coal-chemical products	10,665,377	(184,495)	(5,918)	10,474,964
Mining machinery	4,958,479	(525,344)	(14,727)	4,418,408
Finance	745,276	(185,395)	(559,881)	–
Others	4,317,077	(587,636)	(1,702)	3,727,739
Total	107,473,423	(5,293,938)	(722,430)	101,457,055

(ii) Performance obligations for contracts with customers

Sales of coal (revenue recognised at a point in time)

The Group sells coal directly to the customers and revenue is recognised when the customers obtain control of goods transferred. The shipping types includes both land and water transportation. In the type of land transportation, revenue is recognised when the coal is delivered to the customers; in the type of water transportation, revenue is recognised when the goods pass the ship's rail.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

7. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers (continued)

Sales of coal (revenue recognised at a point in time) (continued)

The consideration received from the customers before the delivery of goods are recognised as contract liabilities in the Group's interim condensed consolidated financial statements. There is no significant financing component or right of return arrangement in the sales contract.

Sales of coal-chemical products (revenue recognised at a point in time)

The Group sells coal-chemical products directly to the customers, revenue is recognised when the customers obtain control of goods transferred, i.e. when the customers receive the coal-chemical products.

The consideration received from the customers before the delivery of goods are recognised as contract liabilities in the Group's condensed consolidated financial statements. There is no significant financing component or right of return arrangement in the sales contract.

Sales of mining machinery (revenue recognised at a point in time)

The Group sells mining machinery to the customers directly. The payment terms of the contracts include stage payments. The Group recognises the revenue when the mining machinery is delivered to the customers. There is no significant financing component or right of return arrangement in the sales contract.

8. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited/ restated)
Impairment (losses)/reversal of:		
– mining rights, intangible assets, and land use rights	(433,386)	–
– property, plant and equipment, net	(1,398,359)	–
– prepayments	6,021	–
– investments in associates	(47,460)	–
– impairment of other non-current asset	(17,611)	–
Gains/(losses) on disposal of:		
– property, plant and equipment	3,474	(21,430)
– investments in a subsidiary	3,491	–
Government grants	111,138	79,387
Others	(17,829)	1,541
	<u>(1,790,521)</u>	<u>59,498</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited/ restated)
Impairment losses under expected credit loss model, net of reversal, on:		
– Trade receivables	(16,375)	(17,471)
– Other receivables	(6,806)	(5,246)
– Contract assets	(7,035)	1,021
– Loans to fellow subsidiaries	18,626	(2,241)
– Debt instruments at FVTOCI	452	1,588
– Other	(769)	45
	<u>(10,369)</u>	<u>(22,304)</u>

10. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited/ restated)
Depreciation	4,732,293	4,881,402
Amortisation	472,826	471,483
Materials used and goods traded	66,200,285	63,947,588
Transportation costs and port expenses	5,317,233	5,365,270
Sales tax and surcharges	3,613,622	2,521,260
Auditors' remuneration	15,668	11,349
Repairs and maintenance	1,230,253	1,160,520
Lease expenses under recognition exemption	47,693	39,688
Employee benefits expenses (including directors' emoluments)	5,334,894	4,294,910
Provision for (reversal of) impairment of inventories	14,117	(4,261)
Other expenses	5,388,507	4,954,223
	<u>92,367,391</u>	<u>87,643,432</u>
Total cost of sales, selling expenses and general and administrative expenses		

Note:

The lease rentals mainly consist of expenses related to short-term leases for which the Group has applied the recognition exemption under IFRS 16 Leases.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

11. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited/ restated)
Finance income:		
– Interest income on bank deposits	24,957	38,802
– Interest income on loans receivable	99	15,026
Total finance income	<u>25,056</u>	<u>53,828</u>
Interest expenses:		
– Borrowings	1,470,235	1,468,374
– Bonds payable	531,580	646,139
– Unwinding of discount	180,119	151,016
– Lease liabilities	10,966	13,381
Other incidental bank charges	5,693	320
Net foreign exchange gains	(13,219)	(10,605)
Less: amounts capitalised on qualifying assets (<i>Note</i>)	<u>(124,334)</u>	<u>(217,495)</u>
Total finance costs	<u>2,061,040</u>	<u>2,051,130</u>
Finance costs, net	<u>(2,035,984)</u>	<u>((1,997,302))</u>

Note:

Capitalisation rates of finance costs capitalised on qualifying assets were as follows:

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited/ restated)
Capitalisation rates used to determine the amount of finance costs eligible for capitalisation	<u>3.45%-4.89%</u>	<u>1.20%-4.89%</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

12. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on the profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Under the Corporate Income Tax Law of the PRC (the “CIT”), the applicable income tax rate in both periods is 25% of the assessable income of each of the companies now comprising the Group as it is, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rate of 15% or 20% based on the relevant PRC tax laws and regulations.

An analysis of the Group’s provision for tax is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited/ restated)
Current income taxes:		
PRC corporate income taxes	5,516,199	2,993,718
Deferred income taxes	(331,983)	(53,142)
Total tax charge for the period	<u>5,184,216</u>	<u>2,940,576</u>

13. DIVIDENDS

During the current interim period, a final dividend of RMB0.301 per share in respect of the year ended 31 December 2021 (six month ended 30 June 2021 (Unaudited): RMB0.134 per share in respect of the year ended 31 December 2020), comprising that 13,258,663,400 shares existed as at 31 December 2021, was approved at the annual general meeting of the Company held on 15 June 2022. The aggregate amount of the final dividend attributable to the equity holders of the Company approved in the current interim period amounted to RMB3,990,858,000 (2020 final dividend approved during the six months ended 30 June 2021 (Unaudited): RMB1,776,661,000).

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2021 (Unaudited): Nil).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

14. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited/ restated)
Earnings		
Earnings for the purpose of basic earnings per share calculation (profit for the period attributable to equity holders of the Company)	<u>14,529,437</u>	<u>8,573,792</u>
	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share calculations	<u>13,258,663</u>	<u>13,258,663</u>

There were no differences between the basic and diluted earnings per share amounts for the six-month periods ended 30 June 2022 and 2021 as the Group had no dilutive potential ordinary shares in issue during those periods.

15. PROPERTY, PLANT AND EQUIPMENT

	30 June	30 June
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated)
Opening net book amount	129,208,630	134,011,418
Additions	3,698,064	3,009,583
Transfer to land use rights and intangible assets	(68,877)	(206,144)
Disposals	(57,584)	(91,760)
Depreciation charges	(4,719,998)	(4,846,353)
Impairment	(1,398,359)	–
Closing net book amount	<u>126,661,876</u>	<u>131,876,744</u>

Note:

Borrowings are secured by certain property, plant and equipment with an aggregate net book amount of RMB1,147,404,000 (31 December 2021 (Audited): RMB1,052,186,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

16. MINING RIGHTS

	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Unaudited)
Opening net book amount	43,070,151	41,876,581
Additions	307,276	364,075
Transferred from property, plant and equipment	40,516	–
Amortisation charges	(287,948)	(276,947)
Impairment	(363,838)	–
	<hr/>	<hr/>
Closing net book amount	42,766,157	41,963,709

17. INTANGIBLE ASSETS

	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Restated)
Opening net book amount	1,924,916	2,491,868
Additions	34,169	10,230
Transferred from construction in progress under property, plant and equipment	10,177	1,586
Disposal	–	(4,237)
Amortisation charges	(73,616)	(68,570)
Impairment	(10,654)	–
	<hr/>	<hr/>
Closing net book amount	1,884,992	2,430,877

18. LAND USE RIGHTS

	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Unaudited)
Opening net book amount	6,385,064	6,189,530
Additions	351,710	21,597
Transferred from property, plant and equipment	18,184	204,558
Disposal	(182)	–
Amortisation charges	(77,300)	(77,917)
Impairment	(58,894)	–
	<hr/>	<hr/>
Closing net book amount	6,618,582	6,337,768

Note:

- (i) Bank borrowings are secured by certain land use rights with an aggregate net book amount of RMB3,764,000 (31 December 2021 (Audited): RMB71,264,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

19. OTHER NON-CURRENT ASSETS

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Restated)
Loans to the Parent Company and fellow subsidiaries (<i>Note (a)</i>)	1,566,821	1,915,142
Prepayments for mining rights (<i>Note (b)</i>)	1,015,000	1,015,000
Prepayments for long-term investments (<i>Note (c)</i>)	22,000	22,000
Prepayments for land use rights (<i>Note (b)</i>)	378,743	429,040
Deductible value-added tax	72,021	128,266
Prepayments for constructions in progress and equipment	25,354	29,759
Entrusted loans (<i>Note (d)</i>)	4,435	4,435
Others	284,423	311,526
	3,368,797	3,855,168

Notes:

- (a) The loans to the Parent company and fellow subsidiaries are financial services provided by China Coal Finance Company Limited (“China Coal Finance”), a subsidiary of the Company, to China Coal Group under the Financial Services Framework Agreement within its business scope. The loans are unsecured and repayable after 12 months from the end of reporting period with interest rates ranging from 3.54 % to 4.93 % (31 December 2021: ranging from 3.59 % to 5.02 %) per annum.

Included in the carrying amount of the loans to the Parent company and fellow subsidiaries as at 30 June 2022 is an allowance for credit losses of RMB30,805,846 (31 December 2021: RMB38,825,000).

- (b) As the relevant legal procedures related to mining rights licenses and land use rights are still in process, such payments are recorded as other non-current assets. These prepayments will be transferred to mining rights and land use rights respectively upon completion of related legal procedures.
- (c) As the relevant legal procedures are still in process, such payments are recorded as other non-current assets.
- (d) As at 30 June 2022, the entrusted loans are bank loans entrusted by the Company to Zhongtian Synergetic, an associate of the Group in 2020, which are repayable in full in 2025 bearing interest at 4.75% per annum.

20. INVENTORIES

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Restated)
Coal	1,631,732	1,486,790
Machinery for sale	3,768,637	3,679,606
Coal-chemical products	888,611	855,584
Auxiliary materials, spare parts and tools	2,603,859	2,300,832
	8,892,839	8,322,812

The provisions for impairment of inventories of the Group amounted to RMB633,250,000 as at 30 June 2022 (31 December 2021 (Audited): RMB661,111,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

21. TRADE RECEIVABLES AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

The Group normally allows a credit period of 30 to 45 days to its trade customers in Mainland China and no more than 6 months to 1 year to its trade customers with good trading history overseas.

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Trade receivables (<i>Notes (a), (b), (c) and (d)</i>)	8,917,244	7,768,165
Debt instruments at FVTOCI (<i>Notes (e) and (f)</i>)	8,270,183	5,954,995

Notes:

- (a) The following is an ageing analysis of accounts receivable net of allowance for credit losses, as at the end of the reporting period, presented based on the invoice dates.

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Within six months	6,928,685	5,720,508
Six months to one year	748,064	980,783
One year to two years	681,965	558,198
Two years to three years	267,818	293,350
Over three years	860,792	769,037
Trade receivables, gross	9,487,324	8,321,876
Less: Allowance for credit losses	(570,080)	(553,711)
Trade receivables, net	8,917,244	7,768,165

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
RMB	8,891,663	7,654,035
US Dollar (“USD”)	25,581	114,130
	8,917,244	7,768,165

- (c) The carrying amounts of trade receivables approximate to their fair values.
- (d) The Group pledged the contractual right to charge uses for electricity now and future to banks for long-term borrowings amounting to RMB2,223,304,000 (31 December 2021 (Audited): Nil). As at 30 June 2022, trade receivables amounted to RMB96,373,000 (31 December 2021 (Audited): Nil) relating to the contractual right realized.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

21. TRADE RECEIVABLES AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”) (CONTINUED)

Notes: (continued)

- (e) Debt instruments at FVTOCI are notes receivable which were considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivable are principally bank-accepted notes with maturity of less than one year (31 December 2021 (Audited): less than one year).

As at 30 June 2022, debt instruments at FVTOCI of RMB264,086,000 (31 December 2021 (Audited): RMB236,199,000) were pledged to banks for issuing notes payable amounting to RMB182,797,000 (31 December 2021 (Audited): RMB192,953,000).

- (f) Transfers of financial assets

As at 30 June 2022, debt instruments at FVTOCI of RMB524,680,000 (31 December 2021 (Audited): RMB859,098,000) were endorsed by suppliers of the Group, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivable.

As at 30 June 2022, the Group’s bank-accepted notes and commercial-accepted notes of RMB3,729,567,000 (31 December 2021 (Audited): RMB4,799,150,000) have been discounted to the bank or endorsed to suppliers and such notes receivable were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivable have a right of recourse against the Group if the issuing banks default on payment. In the opinion of the directors of the Group, the Group has transferred substantially all the risks and rewards of the ownership relating to these notes receivable, and accordingly derecognised the full carrying amounts of the notes receivable and associated accounts payable. The maximum exposure to loss for the Group’s continuing involvement, if any, in the endorsed and discounted notes receivable will be their carrying amounts. In the opinion of the directors of the Group, the fair values of the Group’s continuing involvement in the derecognised notes receivable are not significant.

22. CONTRACT ASSETS

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 transfers the contract assets to trade receivables in 12 months.

	30 June 2022 RMB’000 (Unaudited)	31 December 2021 RMB’000 (Restated)
Coal mining machinery	2,078,852	1,681,863
Less: impairment of contract assets	<u>22,009</u>	<u>14,981</u>
	<u>2,056,843</u>	<u>1,666,882</u>
Current	1,899,062	1,662,944
Non-current	<u>157,781</u>	<u>3,938</u>

The provision for impairment of contract assets of the Group amounted to RMB22,009,000 as at 30 June 2022 (31 December 2021 (restated): RMB14,981,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

23. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Advances to suppliers	3,160,367	2,342,682
Other prepayments	68,327	9,441
Interests receivable	782,845	669,296
Dividends receivable	254,751	236,831
Loans to the Parent Company and fellow subsidiaries (<i>Note (a)</i>)	1,165,000	2,000,000
Value-added tax related to contract assets	269,258	222,118
Deductible value-added tax and others	360,642	1,015,357
Other amounts due from related parties, gross (<i>Note (b)</i>)	793,176	810,052
Other amounts due from third parties, gross	<u>2,071,651</u>	<u>1,941,351</u>
	8,926,017	9,247,128
Less: Allowance for credit losses (<i>Note (c)</i>)	<u>(462,983)</u>	<u>(472,482)</u>
Prepayments and other receivables, net	<u><u>8,463,034</u></u>	<u><u>8,774,646</u></u>

Notes:

- (a) Loans to the Parent Company and fellow subsidiaries are unsecured and repayable within 12 months from the end of reporting period bearing interest at rates ranging from 3.91 % to 4.79 % (31 December 2021 (Audited): ranging from 4.35 % to 4.94 %) per annum.
- (b) Other amounts due from related parties are unsecured, interest-free and repayable on demand.
- (c) The provision for impairment mainly relates to amounts due from third parties and related parties.

24. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include the legal deposit reserve deposited with the people's Bank of China according to regulations and the transformation fund as required by the regulations, the deposits set aside for land rehabilitation, letter of credit deposits, bank acceptance bill deposits, letter of guarantee deposits and litigation deposits, etc.

25. TRADE AND NOTES PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Trade payables (<i>Note</i>)	22,436,271	24,273,261
Notes payable	<u>2,688,238</u>	<u>2,990,882</u>
	<u><u>25,124,509</u></u>	<u><u>27,264,143</u></u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

25. TRADE AND NOTES PAYABLES (CONTINUED)

Note:

Aging analysis of trade payables based on date of delivery of goods and services received is as follows:

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Restated)
Less than 1 year	19,139,236	20,783,506
1 – 2 years	1,378,290	1,493,262
2 – 3 years	517,811	565,699
Over 3 years	1,400,934	1,430,794
	<u>22,436,271</u>	<u>24,273,261</u>

26. ACCRUALS, ADVANCES AND OTHER PAYABLES

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Restated)
Placements from banks and other financial institutions	2,900,000	–
Payables for acquisition of subsidiaries	685,011	714,118
Payables for compensation for local mining companies	44,056	42,636
Dividends payable	4,311,919	584,624
Payables for site restoration	117,297	116,192
Payables for compensation for water resources	104,973	128,263
Payables for salaries and staff welfare	3,007,111	2,877,933
Interest payable	525,651	779,085
Commission payable (Note 28)	16,250	13,333
Payables for mining rights	340,140	346,267
Payables for the transfers of mining rights	153,181	176,206
Advance from a non-controlling interest of a subsidiary	72,838	72,838
Contractor's deposits	454,147	224,687
Deposits from the Parent Company and fellow subsidiaries (Note (a))	18,451,929	18,339,919
Other amounts due to related parties (Note (b))	293,965	246,100
Other amounts due to third parties	2,391,365	2,017,585
Other tax payable	2,274,392	3,002,781
	<u>36,144,225</u>	<u>29,682,567</u>

Notes:

- (a) The balance represents the deposits from the Parent Company and fellow subsidiaries in the savings accounts at China Coal Finance. The deposits are unsecured and payable on demand or due within 12 month from the end of the reporting period, bearing interest at rates ranging from 0.35% to 3.15% (31 December 2021 (restated): ranging from 0.35 % to 3.15 %) per annum.
- (b) Other amounts due to related parties are unsecured, interest-free and payable on demand.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

27. BORROWINGS

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated)
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	163,000	96,000
– Guaranteed	–	47,000
– Unsecured	370,547	511,155
	533,547	654,155

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB284,416,000 (31 December 2021: RMB36,036,000) and land use right for the carrying value of RMB3,764,000 (31 December 2021: RMB71,264,000).

The guaranteed borrowings are guaranteed by non-controlling shareholders of subsidiaries, including Guizhou Panjiang Investment Holdings Group Co., Ltd., and Liaoning Electric Group Co., Ltd., respectively.

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27. BORROWINGS (CONTINUED)

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Restated)
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	557,734	667,402
– Guaranteed	–	163,650
– Pledged loan	2,223,304	–
– Unsecured	<u>68,860,142</u>	<u>71,135,022</u>
	71,641,180	71,966,074
Loans from non-controlling interests		
– Unsecured	<u>35,407</u>	<u>54,858</u>
	71,676,587	72,020,932
Loans from the Parent Company		
– Unsecured	<u>419,985</u>	<u>419,985</u>
	72,096,572	72,440,917
Less: Amount due within one year under current liabilities	<u>(25,910,107)</u>	<u>(11,578,247)</u>
Non-current portion	<u>46,186,465</u>	<u>60,862,670</u>
Total short-term and long-term borrowings	<u>72,630,119</u>	<u>73,095,072</u>

Bank borrowings are secured by property, plant and equipment for the carrying value of RMB862,988,000 (31 December 2021: RMB1,016,150,000) and pledged on account receivables for the carrying value of RMB96,373,000 (original value of RMB96,469,000) (31 December 2021: Nil). The guaranteed borrowings are guaranteed by Shanxi Coking Coal Group Co., Limited (“Shanxi Coking Coal Group”) and the Company respectively.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

28. LONG-TERM BONDS

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Restated)
Bonds payable:		
– medium-term notes	9,959,236	19,940,370
– corporate bonds	4,272,092	4,271,457
Commission payable	36,583	38,667
	<u>14,267,911</u>	<u>24,250,494</u>
Less: current portion of bonds payable	(474,191)	(10,063,267)
current portion of commission payable (<i>Note 26</i>)	(16,250)	(13,333)
	<u>13,777,470</u>	<u>14,173,894</u>

The bonds/notes are initially recognised at the amount of the total proceeds net of the commission paid or payable on the date of issuance. The accrued interests 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 they are related to income taxes levied to the same taxable entity by the same taxation authority.

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:

For the six months ended 30 June 2022 (Unaudited)

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
Opening balance (Restated)	3,371,297	(6,591,909)	(3,220,612)
Credited to profit or loss	222,227	109,756	331,983
Credited/(charged) to other comprehensive income	4,627	(12,939)	(8,312)
	<u>3,598,151</u>	<u>(6,495,092)</u>	
Closing balance (Unaudited)	3,598,151	(6,495,092)	
Offset amount	(1,024,360)	1,024,360	
	<u>2,573,791</u>	<u>(5,470,732)</u>	

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

29. DEFERRED INCOME TAX (CONTINUED)

For the six months ended 30 June 2021 (Restated)

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
Opening balance (Audited)	3,020,623	(6,524,125)	(3,503,502)
(Charged)/credited to profit or loss	(2,478)	55,620	53,142
Credited/(charged) to other comprehensive income	2,034	(338)	1,696
	<u>3,020,179</u>	<u>(6,468,843)</u>	
Closing balance (Restated)	3,020,179	(6,468,843)	
Offset amount	(726,611)	726,611	
	<u><u>2,293,568</u></u>	<u><u>(5,742,232)</u></u>	

30. PROVISION FOR CLOSEDOWN, RESTORATION AND ENVIRONMENTAL COSTS

	30 June 2022 <i>RMB'000</i> (Unaudited)	30 June 2021 <i>RMB'000</i> (Unaudited)
Opening balance	3,650,760	3,268,945
Interest charge on unwinding of discounts	80,847	56,491
Provisions	1,389,632	352,886
Payments	(96,306)	(78,801)
	<u>5,024,933</u>	<u>3,599,521</u>
Closing balance	5,024,933	3,599,521
Less: current portion	(40,361)	(69,503)
	<u><u>4,984,572</u></u>	<u><u>3,530,018</u></u>
Non-current portion		

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

31. SHARE CAPITAL

	Number of Shares <i>(thousands)</i>	Share capital <i>RMB'000</i>
At 1 January 2021, 31 December 2021 and 30 June 2022:		
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
	<u>13,258,663</u>	<u>13,258,663</u>

There is no movement in the Company’s issued share capital during the six months ended 30 June 2022 and 2021.

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

As at 30 June 2022 and 31 December 2021, 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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

32. CASH GENERATED

Reconciliation of profit before income tax to cash generated from operations:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Restated)
Profit before income tax	24,990,917	14,428,839
Adjustments for:		
Depreciation charges	4,732,293	4,881,402
Amortisations charges	472,826	471,483
Impairment losses under expected credit loss model, net of reversal	10,369	22,304
Reversal of provision for impairment of prepayments	(6,021)	–
Provision for impairment of inventories	14,117	(4,261)
Provision for impairment of property, plant and equipment	1,398,359	–
Provision for impairment of investments in associates	47,460	–
Provision for impairment of other non-current asset	17,611	–
Provision for impairment of mining rights	433,386	–
Losses on disposal of property, plant and equipment, net	(3,474)	21,430
Share of profits of associates and joint ventures	(3,156,454)	(1,852,894)
Net foreign exchange gains	(13,219)	(10,605)
Dividend income	–	(1,600)
Interest income on term deposits with initial terms of over three months and loans receivable	(15,669)	(39,937)
Interest expense	2,068,566	2,061,415
	<hr/>	<hr/>
Gains on disposal of investments	(3,491)	–
	<hr/>	<hr/>
Operating cash flows before movements in working capital	30,987,576	19,977,576
	<hr/>	<hr/>
Changes in working capital:		
Increase in inventories	(568,511)	(424,999)
Increase in trade receivables and debt instruments at FVTOCI	(4,197,960)	(2,765,625)
Increase in contract assets	(243,153)	(346,480)
Increase in prepayments and other receivables	(1,096,672)	(715,031)
Increase in trade and notes payables	482,985	1,286,799
Increase in accruals, advances and other payables	3,407,064	6,554,963
Increase in restricted bank deposits	(2,364,634)	(832,215)
Decrease in contract liabilities	(1,054,351)	(288,190)
	<hr/>	<hr/>
Cash generated from operations	25,352,344	22,446,798
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

33. CONTINGENT LIABILITIES

The Group is a defendant in a number of lawsuits including those related to mining rights, which are arising in the ordinary course of business. While the outcome of such lawsuits cannot be determined at present, management believes that any resulting liabilities will not have a materially adverse effect on the Group's financial position as at 30 June 2022 or operating results for the period ended 30 June 2022.

34. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments, principally for construction and purchases of property, plant and equipment and mining rights at the end of the reporting period:

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Restated)
Property, plant and equipment	4,462,298	4,656,720
Mining rights	235,000	235,000
Technical know-how	23,270	31,686
	<u>4,720,568</u>	<u>4,923,406</u>

(b) Investment commitments

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 shareholder with a 38.75% shareholding, the Company has invested RMB6,787 million in Zhongtian Synergetic as at 30 June 2022 and is committed to further invest RMB481 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 shareholder with a 4% shareholding, Shaanxi Yulin has invested RMB215 million in Jingshen Railway as at 30 June 2022 and is committed to further invest RMB33 million in the future.

According to the agreement entered into in June 2021, China Coal Pingshuo Group Co., Ltd ("Pingshuo Group"), a subsidiary of the Company, was obliged to invest RMB1,000 million as a limited partner in subscribing for the fund shares of Shuozhou Huashuo Jinshi Energy Industry Transformation Master Fund Partnership (limited partnership) ("Partnership"). As a limited partner, Pingshuo Group has invested RMB200 million in Partnership as at 30 June 2022, and is committed to invest in all subscribed capital during the investment period of the Partnership.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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 foreign currency risk, interest rate risk and other price 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 2021.

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

35.2 Fair value estimation

Fair values of the Group's financial assets 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 (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in an 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).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Fair value estimation (continued)

Fair values of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Restated)		
Listed equity instruments at FVTOCI	22,844	22,288	Level 1	Quoted bid prices in an active market
Debt instruments at FVTOCI	8,270,183	5,954,995	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
Unlisted equity instruments at FVTOCI	2,557,474	2,395,546	Level 3	Income or market approach, where more appropriate. 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 investments and the referenced comparables.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Fair value estimation (continued)

Reconciliation of Level 3 fair value measurements of financial assets

Unlisted equity instruments at FVTOCI

	30 June 2022	30 June 2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance	2,395,546	2,257,031
Fair value change recognised in other comprehensive income	161,928	5,002
Closing balance	2,557,474	2,262,033

Included in other comprehensive income is a gain of RMB161,928,000 (six months ended 30 June 2021 (unaudited): a gain of RMB5,002,000) 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”.

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

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial information approximate to their fair values.

	Carrying amounts		Fair values	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Long-term borrowings (Level 2)	46,186,465	60,862,670	46,170,583	60,930,529
Long-term bonds (including amounts due within one year) (Level 1)	14,251,661	24,237,161	14,396,185	25,256,456

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 borrowers. The fair value of long-term bonds was based on quoted market price.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions and balances with related parties

Set out below is a summary of significant related party transactions for the period ended 30 June 2022 and 2021.

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over the 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions with the Parent Company and fellow subsidiaries:		
Integrated Materials and Services Mutual Provision (Note (i))		
Purchase of production material, machinery and equipment from the Parent Company and fellow subsidiaries	2,475,234	1,748,205
Charges for social and supporting services provided by the Parent Company and fellow subsidiaries	38,043	20,188
Sales of coal, production material, machinery and equipment to the Parent Company and fellow subsidiaries	1,954,695	1,091,440
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	–	844
Mine Construction, Design and General Contracting Services (Note (ii))		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	1,394,887	1,237,056
Property Leasing (Notes (iii) and Notes (iv))		
Property leasing expenses to the Parent Company and fellow subsidiaries	40,887	27,887

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

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

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

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Restated)
Coal Supplies (Note (v))		
Coal purchased from the Parent Company and fellow subsidiaries	9,240,015	1,602,782
Financial services (Note (vi))		
Loans granted to the Parent Company and fellow subsidiaries	654,000	899,500
Loans repayment received from the Parent Company and fellow subsidiaries	1,845,341	771,906
Deposits received from the Parent Company and fellow subsidiaries	101,088	5,141,770
Interest paid or payable to the Parent Company and fellow subsidiaries	111,285	56,836
Interest received or receivable from the Parent Company and fellow subsidiaries	69,168	137,126
Agency income from entrusted loans	547	790
Fee paid for use of trademark (Note (vii))	RMB1	RMB1
Purchase/Sale of assets	135,678	65,725
Transactions with associates of the Group:		
Sales and services provided		
Sales of machinery and equipment	181,692	172,528
Railway rental income	96,917	90,961
Sales of coal	1,514,327	1,322,638
Income from providing labour services	3,878	14,682
Sales of production material and ancillary services	3,757	114,989

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

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

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Purchases of goods and services		
Purchases of coal	2,272,856	1,930,581
Purchases of materials and spare parts	38,642	937,366
Transportation services and port purchased	942,800	862,155
Receiving railway custody service	272,611	221,782
Receiving construction and technical services	–	38,059
Financial services		
Interest income	99	15,026
Transactions with a non-controlling shareholder of a significant subsidiary:		
Sales and services provided (Note (viii))		
Sales of coal	713,038	991,064
	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Commitments to the Parent Company and fellow subsidiaries		
With the Parent Company and fellow subsidiaries		
– Purchases of services	3,657,512	3,862,641
– Purchases of goods	49,168	226,093
Loan guarantees to associates and joint ventures of the Group		
Loan guarantees to		
– Associates	5,832,231	7,415,705
– A joint venture	52,500	88,750

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

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

Notes:

- (i) The Company and China Coal Group entered into an 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 and ancillary services, and the Company also provides to China Coal Group export-related services. The agreement was renewed to extend the term to 31 December 2023.
- (ii) The Company and China Coal Group entered into a Mine Construction and Design Framework Agreement on 5 September 2006, followed with a 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 extended the contract term and changed its name to Project Design, Construction and General Contracting Framework Agreement when the contract was due on 31 December 2011. The deal mainly included:
- China Coal Group provides the Company with engineering design, construction and general contracting;
 - China Coal Group undertakes projects which the Company subcontracts; and
 - For the engineering design, construction and general contracting, service providers and pricing would be determined in the form of public bidding.

The agreement was renewed to extend the term to 31 December 2023.

- (iii) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases 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 years based on the market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective until December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017, RMB120,000,000 for 2018 to 2020, and RMB280,000,000 for 2021 to 2023.
- (iv) The rental fees are arising from lease payments subject to recognition exemption which are recognised in profit or loss.
- (v) 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 was renewed to extend the term to 31 December 2023.
- (vi) China Coal Finance Co., Ltd. and China Coal Group entered into a Financial Services Framework Agreement on 23 October 2014, under which China Coal Finance Co., Ltd. provides financial services to China Coal Group within its business scope. This agreement was renewed to extend the term to 31 December 2023.
- (vii) 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 a partial of the registered trademarks of China Coal Group at the cost of RMB1. This agreement was effective for 10 years, and was renewed on 23 August 2016 to extend the term to 22 August 2026.
- (viii) The Company and Shanxi Coking Coal Group Co., Limited (“Shanxi Coking Coal Group”) entered into a 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 and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal-related products and accepts services from the Group. The agreement was renewed to extend the term to 31 December 2023.

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 at by bidding process; and
- as for the supply of coal, the price shall be in accordance with the relevant market price.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

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

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”).

Apart from transactions with China Coal Group, fellow subsidiaries, associates and joint ventures, and primary shareholders with significant influence over subsidiaries, the Group has extensive transactions with other government-related entities.

During the six months ended 30 June 2022 and 2021, majority of the following Group’s activities are conducted with other government-related entities:

- Sales of coal;
- Sales of machinery and equipment;
- Purchases of coal;
- Purchases of materials and spare parts;
- Purchases of transportation services; and
- Bank balances and borrowings

In addition to the above, transactions with other government-related entities also include but are not limited to the following:

- Lease of assets; and
- Retirement benefit plans.

These transactions are conducted in accordance with the contracts which the Group entered into based on market prices.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation

Key management includes directors (executive and non-executive), supervisors and other key management personnel.

The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Key management compensation		
Salary allowances and other benefits		
– Directors and supervisors	1,081	1,261
– Other key management	1,017	993
	<u>2,098</u>	<u>2,254</u>
Pension costs – defined contribution plans		
– Directors and supervisors	172	119
– Other key management	166	187
	<u>338</u>	<u>306</u>
	<u>2,436</u>	<u>2,560</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 5 July 2022, the third meeting of the fourth session of the Board of the Company considered and passed the revision of the annual caps for the years from 2022 to 2023 for certain continuing connected transactions of the Company, including approving the revision of the annual cap amount for 2022 for the purchase of coal products by the Company from China Coal Group and its subsidiaries under the Supplementary Agreement to the Coal Supply Framework Agreement and the Coal Supply Framework Agreement entered into between the Company and China Coal Group from RMB11.00 billion to RMB22.20 billion, and the cap amount for 2023 for the same from RMB11.30 billion to RMB27.60 billion; and approving the revision of the annual cap for 2022 for the provision of raw materials and ancillary services and of the coal export-related services by the Company to China Coal Group and its subsidiaries under the Supplementary Agreement to the Integrated Materials and Services Mutual Provision Framework Agreement and the Integrated Materials and Services Mutual Provision Framework Agreement entered into between the Company and China Coal Group from RMB4.50 billion to RMB9.80 billion, and the revision of the annual cap for 2023 for the same from RMB4.50 billion to RMB9.40 billion.

38. APPROVAL OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2022.

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	Wang Shudong

INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

Name of Secretary to the Board	Jiang Qun
Contact Address of Secretary to the Board	Securities Affairs Department China Coal Energy Company Limited 1 Huangsidajie Chaoyang District, Beijing, China
Contact Telephone Number of Secretary to the Board	(8610)-82236028
Fax Number of Secretary to the Board	(8610)-82256484
E-mail Address of Secretary to the Board	IRD@chinacoal.com

BASIC INFORMATION ABOUT THE COMPANY

Registered Address and Office Address of the Company	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	China Securities Journal, Securities Daily
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.hkexnews.hk
Location for Inspection of Periodical Reports of the Company	Securities Affairs Department China Coal Energy Company Limited 1 Huangsidajie Chaoyang District, Beijing, China

BRIEF INFORMATION ABOUT SHARES OF THE COMPANY

Type of shares	Stock of Exchange for listing of shares	Short name of stock	Stock Code	Short name of stock before change
A Shares	The Shanghai Stock Exchange	China Coal Energy	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	01898	
Authorised Representatives of the Company Company Secretary				Wang Shudong, Jiang Qun Jiang Qun

Company Profile

ACCOUNTING FIRMS OF THE COMPANY

Domestic accounting firm of the Company	Ernst & Young Hua Ming LLP
Office address of the domestic accounting firm of the Company	Unit 01-12, 17/F, Ernst & Young Tower, Oriental Plaza 1 East Changan Avenue Dongcheng District, Beijing, the PRC
International accounting firm of the Company	Ernst & Young
Office address of the international accounting firm of the Company	Registered Public Interest Entity Auditors 27/F, One Taikoo Place 979 King's Road, Quarry Bay, Hong Kong

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact Address	Room 407, Ocean Plaza 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact Address	25/F, Three Exchange Square, 8 Connaught Place 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 Investor 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 Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
Finance Company	China Coal Finance Co., Ltd.
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Pingshuo Mine Area	a mining area located in Shanxi Province, mainly comprising Antaibao Open Pit Mine, Anjialing Open Pit Mine as well as East Open Pit Mine
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited
Wangjialing Coal Mine	Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
Dongpo Coal Mine	Dongpo Coal Mine of Shanxi Zhongmei Dongpo Coal Industry Co., LTD.
Tangshangou Coal Mine	Tangshangou Coal Mine of Shanxi Zhongxin Tangshangou Coal Industry Company Limited
Yihua Mining	Ordos Yihua Mining Resources Company Limited (鄂爾多斯市伊化礦業資源有限責任公司)

Definitions

Mengda Mining	Wushenqi Mengda Mining Company Limited (烏審旗蒙大礦業有限責任公司)
Yinhe Hongtai Company	Ordos Yinhe Hongtai Coal Power Company Limited (鄂爾多斯市銀河鴻泰煤電有限公司)
Antaibao 2×350MW low calorific value coal power generation project	Antaibao 2×350MW low calorific value coal power generation project of China Coal Antaibao Thermal Power Company Limited
CSRC	China Securities Regulatory Commission
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Company Website	www.chinacoalenergy.com
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
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
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
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
RMB	RMB yuan



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