



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
2023

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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 2023, China Coal Energy deeply carried out the spirit of the 20th Party Congress, took the study and implementation of Xi Jinping Thought on socialism with Chinese characteristics in the new era as an opportunity, thoroughly and accurately carried out the new development concept, comprehensively practised the development philosophy of efficiency enhancement of existing resources and transformation of incremental resources at full steam, coordinated various tasks to promote stable operation and development, actively participated in the Chinese-style modernized energy practice, and accelerated the building of a world-class energy enterprise.

In the first half of the year, by scientifically organising production and marketing, ensuring stable supply and price, deepening lean management, and actively responding to the decline in coal market prices, we achieved an increase in the output of self-produced commercial coal by 7.89 million tonnes and a reduction in the unit sales cost of self-produced commercial coal by RMB22.62/tonne compared with the same period of the previous year. Since the start of the “14th Five-Year Plan” period, major production and operation indicators have stayed at desirable levels, which realised a high-quality development trend seeking progress while maintaining stability. Operating revenue amounted to RMB109.357 billion, representing a decrease of 7.4% over the same period of last year and an increase of 7.0% over the first half of 2021, with a compound growth rate of 3.5%; profit attributable to shareholders of the Company was RMB12.732 billion, representing a decrease of 12.4% over the same period of last year and an increase of 48.5% over the first half of 2021, with a compound growth rate of 21.9%. The coal chemical operations fared well with industry-leading efficiency and efficacy. The coal mining equipment operations adhered to high-end, intelligent and green development, leading to continuous increase in output value and efficacy. The level of intensification and leanness of the financial operations continued to improve, which further enhanced the service guarantee and value creation capabilities.

In the first half of the year, we optimised and adjusted the layout and structure to promote safe, efficient, green and low-carbon development. The production capacity of Pingshuo Group's East Open Pit Coal Mine and Anjialing Coal Mine, both being national key coal mines with supply assurance, were approved to increase by 5 million tonnes each, amounting to an increase of 10 million tonnes in total. Dahaize Coal Mine, which produces 20 million tonnes of high-quality thermal coal per year, had been running well with outstanding performance since its trial operation. The construction of Libi Coal Mine with an annual output of 4 million tonnes of anthracite and Pingshuo Antaibao 2×350MW low calorific value coal power generation project made steady progress. Shaanxi Yulin's coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin went through the approval and decision-making process, and will soon start to place orders for long-cycle equipment and commence EPC bidding. We actively explored various applications of the “coal-electricity-chemical-new energy” joint operation. The first phase of the new energy demonstration base of Shanghai Energy Company operated smoothly after grid connection. 100MW photovoltaic+energy storage project in Pingshuo Mine Area will be completed and put into operation within this year. The 100,000-tonne “Liquid Sunlight” demonstration project met the targets for integration projects of hydrogen production with wind and solar energy in Inner Mongolia Autonomous Region. We conducted activities such as the Year of Safety Management Enhancement, investigations into and rectification of major incidents and hazards, and strengthened normalisation of safety supervision so as to prevent safety accidents during production. We adopted the ideology of green and low-carbon development, actively promoted energy conservation and emission reduction, pollution prevention and ecological management, and conducted in-depth investigations into and rectification of ecological and environmental hazards, as a result of which no environmental emergencies occurred.

Chairman’s Statement

In the first half of the year, we deepened reform and innovation and continued to enhance the vitality and momentum of development. We cemented and deepened the achievements of the Three-year Action Plan on State-owned Enterprises and planned ahead to deepen and improve the reform of state-owned enterprises, with six enterprises shortlisted for the “Double Hundred Action Plan” and “Science and Technology Reform Action Plan” of the SASAC. We summarized and promoted the experience and practice of the reform at headquarters to push forward the reform of affiliated enterprises with improved efficiency and effectiveness. We built an intelligent management and control platform integrating production and operation management at a high standard to drive concept changes, process reengineering and value enhancement through digital and intelligent transformation. Meanwhile, we actively promoted the initiatives to improve the quality of listed companies controlled by central enterprises to accomplish all key tasks on a stage-by-stage basis, and strengthened the construction of a scientific and technological innovation system by joining the open platform of the Enterprise Innovation and Development Joint Foundation under the National Natural Science Foundation of China to expand means of implementation, focusing on key technical problems and the innovative management mechanism of “Enlisting and Leading”. In the first half of the year, 84 patents were authorised, and a total of seven achievements in five coal mines were listed as typical cases of intelligent construction of coal mines in China. The appraisal of technological achievements of the project of “Intelligent Construction of Dahaize Coal Mine” confirmed that it had attained an internationally leading level and had achieved key technological breakthroughs in the field of deep integration of the coal industry and intelligent technology.

Despite the new difficulties and challenges faced by the current economic operation, China’s economy has great resilience and potential for development. There is no change to the positives of the fundamentals in the long term. The circumstances of China’s energy structure mean that the status of coal as the main energy source will not change for a long time. In the second half of the year, China Coal Energy will continue to adhere to the general strategy of seeking progress while maintaining stability, solidly promote high-quality development, vigorously enhance its core competitiveness, strengthen its core functions, keep on overcoming difficulties and challenges in the course of advancement, and accelerate the establishment of a world-class energy enterprise. First, centring on the “14th Five-Year Plan” and the key tasks of the year, we will accelerate project construction, complete the tasks of the year successfully, further enhance the ability to ensure safe energy supply, and promote green and low-carbon transformation and development. Second, we will deeply implement the deployment requirements for deepening and upgrading the reform of state-owned enterprises, deepen and consolidate reforms with higher-level, more precise and pragmatic measures, and continuously enhance the vitality and momentum of high-quality development. Third, we will adhere to running in line with world-class standards, continuously and deeply promote lean management, vigorously carry out quality improvement and efficiency enhancement, focus on improving the quality of operation and development, and achieve good operating results. Fourth, we will continue to optimise the innovative management system, accelerate the establishment of innovation capabilities, focus on key technical problems, step up technological research, and accelerate the construction of an intelligent management and control platform integrating production and operation management to drive transformation and development with innovation. Fifth, we will continue to adhere to the systemic concept and bottom-line thinking, better coordinate development and safety, continue to strengthen safe production, ecological protection, energy conservation and emission reduction while preventing and resolving various major risks. Sixth, we will continue to improve governance level and disclosure quality, actively promote the projects of improving the quality of the listed company controlled by state-owned enterprises, complete all key tasks on a stage-by-stage basis, strengthen investor communication, and maintain a good image in the capital market.

The management and staff of the Company will be the first to assume responsibility, take the initiative, focus on key areas, and tackle difficulties with the aim of better implementing the national strategy and rewarding all shareholders with new achievements of high-quality development.

Wang Shudong
Chairman
Beijing, the PRC
24 August 2023

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 2023, the Group firmly facilitated high-quality development, organised and promoted various production and operation works, strengthened the lean management with in-depth quality enhancement and exploration, deepened reform and innovation and stimulated vitality and momentum, while actively addressing the impact from downward market price adjustment for coal and coal chemical products. Major operation indicators were lower than that for the same period of last year, but maintained a sound growth since the launch of the "14th Five-Year Plan". The Group realised revenue of RMB109.357 billion, representing a year-on-year decrease of 7.4%, a growth of 7.0% from the first half of 2021 and a compound growth rate of 3.5%; profit attributable to equity holders of the Company amounted to RMB12.732 billion, representing a year-on-year decrease of 12.4%, a growth of 48.5% from the first half of 2021 and a compound growth rate of 21.9%; net cash inflow from production and sales activities amounted to RMB15.114 billion, maintaining a good operation and cash generation capability.

The Group's major operating segments, including coal, coal chemical, coal mining equipment and financial operations, all remained profitable. The Group accelerated the release of advanced coal production capacity, and completed production volume of commercial coal amounting to 67.12 million tonnes, representing a year-on-year increase of 7.89 million tonnes. By promoting systematic cost saving as well as significant quality enhancement and exploration, unit cost of sales of self-produced commercial coal amounted to RMB324.46/tonne, representing a year-on-year decrease of 6.5% and realising profit before tax of RMB18.433 billion. Coal chemical enterprises operated smoothly in general and attained a balance between production and sales. Under the backdrop of a year-on-year decrease of selling price of polyolefin by RMB807/tonne and a year-on-year decrease of selling price of urea by RMB240/tonne, the Group realised profit before tax of RMB1.789 billion, achieving synergy from sound management standards and integrated development of coal and coal chemical. Coal mining equipment operations insisted on high-end, intelligent and green development, and continued to optimise product structure, thereby realising profit before tax of RMB440 million, maintaining a year-on-year growth. Finance Company continued to increase its intensive and lean management level, leading the industry in terms of capital concentration and operation efficiency. Amidst general downturn of interest rate in the financial market, Finance Company realised profit before tax of RMB621 million and maintained growth, thereby further enhancing the service guarantee and value creation capabilities.

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	For the six months ended 30 June 2023	For the six months ended 30 June 2022 (Restated)	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	1,093.57	1,180.39	-86.82	-7.4
Cost of sales	854.04	894.56	-40.52	-4.5
Gross profit	239.53	285.83	-46.30	-16.2
Selling, general and administrative expenses	33.22	29.12	4.10	14.1
Other income, gains and losses, net	1.13	-17.91	19.04	-
Profit from operations	207.07	238.70	-31.63	-13.3
Finance income	0.36	0.25	0.11	44.0
Finance costs	16.09	20.61	-4.52	-21.9
Share of profits of associates and joint ventures	20.59	31.56	-10.97	-34.8
Profit before income tax	211.92	249.91	-37.99	-15.2
EBITDA	263.77	290.76	-26.99	-9.3
Profit attributable to the equity holders of the Company	127.32	145.29	-17.97	-12.4
Net cash generated from operating activities	170.35	201.22	-30.87	-15.3
In which: Net cash flow generated from production and sales activities	151.14	171.21	-20.07	-11.7
Increase in cash inflow due to deposits and placements absorbed from members other than China Coal Energy by Finance Company	19.21	30.01	-10.80	-36.0
Net cash generated from investing activities	-51.91	-119.51	67.60	-56.6
Net cash generated from financing activities	-110.52	-130.50	19.98	-15.3

Note: According to the relevant requirements that companies are required to recognize deferred income taxes for transactions which incur equivalent temporary difference for taxes payables and deductible temporary difference at initial recognition under "Amendment to International Accounting Standard No.12 – Income Tax" issued by the International Accounting Standards Board in May 2021. The Group has adopted such amendment which is effective for the period beginning on 1 January 2023, for lease transaction which the leasees initially recognize lease liabilities and included into right-of-use assets at the beginning date of the lease period as well as for transactions which recognize estimated liabilities and included into the relevant asset costs due to the existence of decommissioning obligations for, among others, fixed assets, the Group recognized the corresponding deferred income tax liabilities and deferred income tax assets, respectively, and made retrospective adjustments to the data for the corresponding period of last year and for the end of last year.

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	As at	As at	Compared with	
	30 June 2023	31 December 2022 (Restated)	Increase/ decrease in amount	Increase/ decrease (%)
Assets	3,465.52	3,397.30	68.22	2.0
Liabilities	1,727.77	1,748.41	-20.64	-1.2
Interest-bearing debts	795.24	860.46	-65.22	-7.6
Equity	1,737.75	1,648.89	88.86	5.4
Equity attributable to the equity holders of the Company	1,380.10	1,306.14	73.96	5.7
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	31.4	34.3	A decrease of 2.9 percentage points	

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the six months ended 30 June 2023, the Group's revenue decreased by RMB8.682 billion from RMB118.039 billion for the six months ended 30 June 2022 to RMB109.357 billion, representing a decrease of 7.4%. Revenue before netting of inter-segmental sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue before netting of inter-segmental sales			
	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	935.23	1,018.25	-83.02	-8.2
Self-produced commercial coal	404.68	440.88	-36.20	-8.2
Proprietary coal trading	527.51	574.11	-46.60	-8.1
Coal chemical operations	112.25	124.02	-11.77	-9.5
Coal mining equipment operations	61.39	54.16	7.23	13.3
Financial operations	11.67	11.25	0.42	3.7
Other operations	40.32	40.72	-0.40	-1.0
Net of inter-segmental sales	-67.29	-68.01	0.72	-1.1
The Group	1,093.57	1,180.39	-86.82	-7.4

Management Discussion and Analysis of Financial Conditions and Operating Results

Revenue net of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2023 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales			
	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Year-on-year Increase/decrease in amount	Year-on-year Increase/decrease (%)
Coal operations	886.91	967.46	-80.55	-8.3
Self-produced commercial coal	370.31	410.58	-40.27	-9.8
Proprietary coal trading	514.15	553.82	-39.67	-7.2
Coal chemical operations	106.65	121.56	-14.91	-12.3
Coal mining equipment operations	55.13	47.62	7.51	15.8
Financial operations	9.28	9.16	0.12	1.3
Other operations	35.60	34.59	1.01	2.9
The Group	1,093.57	1,180.39	-86.82	-7.4

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 2023 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 2023	For the six months ended 30 June 2022	Increase/decrease (percentage point(s))
Coal operations	81.1	82.0	-0.9
Self-produced commercial coal	33.9	34.8	-0.9
Proprietary coal trading	47.0	46.9	0.1
Coal chemical operations	9.8	10.3	-0.5
Coal mining equipment operations	5.0	4.0	1.0
Financial operations	0.8	0.8	0.0
Other operations	3.3	2.9	0.4

Management Discussion and Analysis of Financial Conditions and Operating Results

2. Cost of sales

For the six months ended 30 June 2023, the Group's cost of sales decreased by RMB4.052 billion or 4.5% from RMB89.456 billion for the six months ended 30 June 2022 to RMB85.404 billion. Cost of sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	735.52	774.71	-39.19	-5.1
Self-produced commercial coal	210.41	205.44	4.97	2.4
Proprietary coal trading	522.94	569.27	-46.33	-8.1
Coal chemical operations	95.28	100.38	-5.10	-5.1
Coal mining equipment operations	51.04	45.53	5.51	12.1
Financial operations	5.34	4.81	0.53	11.0
Other operations	33.88	37.26	-3.38	-9.1
Inter-segment elimination	-67.02	-68.13	1.11	-1.6
	<u>854.04</u>	<u>894.56</u>	<u>-40.52</u>	<u>-4.5</u>
The Group	<u>854.04</u>	<u>894.56</u>	<u>-40.52</u>	<u>-4.5</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 2023, the Group's gross profit decreased by RMB4.630 billion or 16.2% from RMB28.583 billion for the six months 30 June 2022 to RMB23.953 billion; gross profit margin decreased by 2.3 percentage points from 24.2% for the six months ended 30 June 2022 to 21.9%. The gross profit and gross profit margin of each operating segment of the Group 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 2023	For the six months ended 30 June 2022	Increase/ decrease (%)	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Increase/ decrease (percentage point(s))
Coal operations	199.71	243.54	-18.0	21.4	23.9	-2.5
Self-produced commercial coal	194.27	235.44	-17.5	48.0	53.4	-5.4
Proprietary coal trading	4.57	4.84	-5.6	0.9	0.8	0.1
Coal chemical operations	16.97	23.64	-28.2	15.1	19.1	-4.0
Coal mining equipment operations	10.35	8.63	19.9	16.9	15.9	1.0
Financial operations	6.33	6.44	-1.7	54.2	57.2	-3.0
Other operations	6.44	3.46	86.1	16.0	8.5	7.5
The Group	239.53	285.83	-16.2	21.9	24.2	-2.3

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 coal trading) and coal import and export and domestic agency services.

For the six months ended 30 June 2023, for coal operations of the Group, the revenue decreased by 8.2% from RMB101.825 billion for the six months 30 June 2022 to RMB93.523 billion, and revenue net of inter-segmental sales decreased by 8.3% from RMB96.746 billion for the six months ended 30 June 2022 to RMB88.691 billion.

For the six months ended 30 June 2023, the revenue from sales of self-produced commercial coal of the Group decreased by 8.2% from RMB44.088 billion for the six months ended 30 June 2022 to RMB40.468 billion, which was mainly attributable to the year-on-year decrease of RMB128/tonne in the selling price of self-produced commercial coal leading to a decrease of RMB8.289 billion in revenue; the year-on-year increase of 6.20 million tonnes in sales volume leading to an increase of RMB4.669 billion in revenue. Revenue net of inter-segmental sales decreased by 9.8% from RMB41.058 billion for the six months ended 30 June 2022 to RMB37.031 billion.

For the six months ended 30 June 2023, the revenue from sales of proprietary trading coal of the Group decreased by 8.1% from RMB57.411 billion for the six months ended 30 June 2022 to RMB52.751 billion, which was mainly attributable to the year-on-year decrease of RMB141/tonne in the selling price of proprietary trading coal leading to a decrease of RMB10.687 billion in revenue; the year-on-year increase of 7.24 million tonnes in sales volume leading to an increase of RMB6.027 billion in revenue. Revenue net of inter-segmental sales decreased by 7.2% from RMB55.382 billion for the six months ended 30 June 2022 to RMB51.415 billion.

For the six months ended 30 June 2023, the revenue from coal agency operations of the Group was RMB35 million, remaining stable year-on-year.

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 2023 and the year-on-year changes are set out as follows:

		For the six months ended 30 June 2023		For the six months ended 30 June 2022		Year-on-year Increase/decrease			
		Sales volume	Selling price	Sales volume	Selling price	in amount		Increase/decrease	
		(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	6,485	624	5,865	752	620	-128	10.6	-17.0
	(I) Thermal coal	5,913	548	5,301	636	612	-88	11.5	-13.8
	1. Domestic sales	5,913	548	5,300	636	613	-88	11.6	-13.8
	2. Export	☆	☆	1	2,430	-1	-	-100.0	-
	(II) Coking coal	572	1,412	564	1,836	8	-424	1.4	-23.1
	Domestic sales	572	1,412	564	1,836	8	-424	1.4	-23.1
II. Proprietary trading coal	Total	7,620	692	6,896	833	724	-141	10.5	-16.9
	(I) Domestic sales	7,545	688	6,873	829	672	-141	9.8	-17.0
	(II) Self-operated export	21	2,016	18	2,257	3	-241	16.7	-10.7
	(III) Import trading	54	743	5	1,007	49	-264	980.0	-26.2
III. Import and export and domestic agency★	Total	561	6	588	6	-27	0	-4.6	0.0
	(I) Import agency	7	16	☆	☆	7	-	-	-
	(II) Export agency	16	82	11	12	5	70	45.5	583.3
	(III) Domestic agency	538	4	577	6	-39	-2	-6.8	-33.3

☆ : N/A for the period.

★ : Selling price is agency service fee.

Note: Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 9.16 million tonnes for the current period (including self-produced commercial coal of 6.34 million tonnes and proprietary trading coal of 2.82 million tonnes) and 8.71 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 2023, the Group's cost of sales of coal operations decreased by 5.1% from RMB77.471 billion for the six months ended 30 June 2022 to RMB73.552 billion, which was mainly attributable to the combined effect of, among other things, the year-on-year decrease in the purchase price and the year-on-year increase in sales volume of externally purchased coal, leading to the year-on-year decrease of RMB4.911 billion in the procurement cost of proprietary trading coal.

For the six months ended 30 June 2023, 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 six months ended		For the six months ended		Year-on-year	
	30 June 2023	Percentage (%)	30 June 2022	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Material costs (excluding proprietary coal trading procurement cost)	31.65	4.3	36.16	4.7	-4.51	-12.5
Proprietary coal trading procurement cost ☆	512.07	69.6	561.18	72.5	-49.11	-8.8
Staff costs	26.23	3.6	25.13	3.2	1.10	4.4
Depreciation and amortisation	35.84	4.9	31.23	4.0	4.61	14.8
Repairs and maintenance	7.20	1.0	7.45	1.0	-0.25	-3.4
Transportation costs and port expenses	50.22	6.8	47.98	6.2	2.24	4.7
Sales taxes and surcharges	33.27	4.5	34.12	4.4	-0.85	-2.5
Outsourced mining engineering fees	16.45	2.2	14.93	1.9	1.52	10.2
Other costs ★	22.59	3.1	16.53	2.1	6.06	36.7
Total cost of sales for coal operations	735.52	100.0	774.71	100.0	-39.19	-5.1

☆: This cost does not include transportation costs and port expenses related to proprietary coal trading which amounted to RMB1.087 billion for the current period and RMB809 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 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 2023 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2023	Percentage (%)	30 June 2022	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Material costs	48.80	15.0	61.66	17.8	-12.86	-20.9
Staff costs	40.44	12.5	42.85	12.3	-2.41	-5.6
Depreciation and amortisation	55.26	17.0	53.25	15.3	2.01	3.8
Repairs and maintenance	11.11	3.4	12.71	3.7	-1.60	-12.6
Transportation costs and port expenses	60.68	18.7	68.03	19.6	-7.35	-10.8
Sales taxes and surcharges	51.30	15.8	58.18	16.8	-6.88	-11.8
Outsourced mining engineering fees	25.28	7.8	25.45	7.3	-0.17	-0.7
Other costs	31.59	9.8	24.95	7.2	6.64	26.6
Total unit cost of sales of self-produced commercial coal	324.46	100.0	347.08	100.0	-22.62	-6.5

For the six months ended 30 June 2023, the Group's unit cost of sales of self-produced commercial coal amounted to RMB324.46/tonne, representing a year-on-year decrease of RMB22.62/tonne or 6.5%, which was mainly due to the following factors: pursuant to production organisation and arrangement as well as local regulatory requirements, the Group recorded a year-on-year decrease of stripping of open pit mines and lower material consumption leading to the year-on-year decrease of coal material cost per tonne; the dilution effect of the increase in production volume of self-produced commercial coal of the Group, leading to the year-on-year decrease in staff cost for coal per tonne and repairs and maintenance expenses for coal per tonne; the Group increased its investment in production equipment for ensuring safety and newly added infrastructure to fixed assets, leading to the year-on-year increase in depreciation and amortisation costs for coal per tonne; the proportion of the sales volume of self-produced commercial coal that bears railway transportation costs and port expenses to the total sales volume of self-produced commercial coal of the Group decreased, leading to the year-on-year decrease in transportation costs and port expenses for coal per tonne; and with the year-on-year decrease in the selling price of self-produced commercial coal, sales taxes and surcharges for coal per tonne decreased year-on-year; the year-on-year increase in proportion of production-related sporadic projects and supplementary fees due to the expansion of the Group's production scale, leading to the year-on-year increase of other costs for coal per tonne.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Gross profit and gross profit margin*

For the six months ended 30 June 2023, the production and sales volume of the Group's self-produced commercial coal increased year-on-year, while unit costs of sales decreased year-on-year, but affected by the year-on-year decrease in the selling price under market influence, gross profit of coal operations of the Group decreased by 18.0% from RMB24.354 billion for the six months ended 30 June 2022 to RMB19.971 billion, while gross profit margin decreased by 2.5 percentage points from 23.9% for the six months ended 30 June 2022 to 21.4%. In particular, the gross profit of self-produced commercial coal recorded a year-on-year decrease of RMB4.117 billion, and the gross profit margin recorded a year-on-year decrease of 5.4 percentage points; the gross profit of proprietary trading coal recorded a year-on-year decrease of RMB27 million, and the gross profit margin recorded a year-on-year increase of 0.1 percentage points.

2. Coal Chemical Operations Segment

- *Revenue*

For the six months ended 30 June 2023, the revenue from coal chemical operations of the Group decreased by 9.5% from RMB12.402 billion for the six months ended 30 June 2022 to RMB11.225 billion; revenue net of inter-segmental sales decreased by 12.3% from RMB12.156 billion for the six months ended 30 June 2022 to RMB10.665 billion, which was mainly attributable to the combined effect of the year-on-year decrease in the selling price of coal chemical products and the year-on-year increase in sales volume.

The sales volume and selling prices of the major coal chemical products of the Group for the six months ended 30 June 2023 and the year-on-year changes are set out as follows:

	For the six months ended 30 June 2023		For the six months ended 30 June 2022		Year-on-year			
					Increase/decrease in amount		Increase/decrease	
	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price
	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(%)	(%)
I. Polyolefin	74.9	6,903	72.7	7,710	2.2	-807	3.0	-10.5
1. Polyethylene	38.2	7,156	35.8	7,830	2.4	-674	6.7	-8.6
2. Polypropylene	36.7	6,640	36.9	7,593	-0.2	-953	-0.5	-12.6
II. Urea	119.9	2,484	114.2	2,724	5.7	-240	5.0	-8.8
III. Methanol	97.1	1,770	90.7	1,919	6.4	-149	7.1	-7.8
In which: Inter-segment self-consumption								
volume	94.0	1,774	74.6	1,926	19.4	-152	26.0	-7.9
External sales	3.1	1,646	16.1	1,885	-13.0	-239	-80.7	-12.7
IV. Ammonium nitrate	29.2	2,414	21.9	2,655	7.3	-241	33.3	-9.1

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2023, cost of sales for the coal chemical operations of the Group decreased by 5.1% from RMB10.038 billion for the six months ended 30 June 2022 to RMB9.528 billion, which was mainly attributable to the combined effect of the decline in trading scale of externally purchased chemical products and the decrease in purchase price of raw material coal and fuel coal, which resulted in the year-on-year decrease in cost of self-produced coal chemical products .

For the six months ended 30 June 2023, 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		For the six months ended		Year-on-year	
	30 June 2023	Percentage (%)	30 June 2022	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs (excluding cost of chemical materials in proprietary trading)	62.41	65.5	63.64	63.4	-1.23	-1.9
Cost of chemical materials in proprietary trading	0.21	0.2	4.00	4.0	-3.79	-94.8
Staff costs	5.12	5.4	4.38	4.4	0.74	16.9
Depreciation and amortisation	14.29	15.0	14.41	14.4	-0.12	-0.8
Repairs and maintenance	2.99	3.1	3.61	3.6	-0.62	-17.2
Transportation costs and port expenses	4.20	4.4	4.78	4.8	-0.58	-12.1
Sales taxes and surcharges	1.91	2.0	1.54	1.5	0.37	24.0
Other costs	4.15	4.4	4.02	3.9	0.13	3.2
Total cost of sales for coal chemical operations	95.28	100.0	100.38	100.0	-5.10	-5.1

Management Discussion and Analysis of Financial Conditions and Operating Results

The unit cost of sales of the major self-produced coal chemical products of the Group for the six months ended 30 June 2023 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
I. Polyolefin	6,234	6,955	-721	-10.4
1. Polyethylene	6,219	6,968	-749	-10.7
2. Polypropylene	6,249	6,942	-693	-10.0
II. Urea	1,694	1,649	45	2.7
III. Methanol	1,977	1,762	215	12.2
IV. Ammonium nitrate	1,392	964	428	44.4

- *Gross profit and gross profit margin*

For the six months ended 30 June 2023, affected by the year-on-year decrease in the price of major coal chemical products, the gross profit from coal chemical operations decreased by 28.2% from RMB2.364 billion for the six months ended 30 June 2022 to RMB1.697 billion; gross profit margin decreased by 4.0 percentage points from 19.1% for the six months ended 30 June 2022 to 15.1%.

3. Coal Mining Equipment Operations Segment

- *Revenue*

For the six months ended 30 June 2023, the Group's revenue from coal mining equipment operations increased by 13.3% from RMB5.416 billion for the six months ended 30 June 2022 to RMB6.139 billion, revenue net of inter-segmental sales increased by 15.8% from RMB4.762 billion for the six months ended 30 June 2022 to RMB5.513 billion, which was mainly attributable to further optimisation of product structure and the increase in demand for relevant products driven by the coal mine intelligent upgrade and modification, leading to the year-on-year increase in revenue.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2023, the Group's cost of sales for the coal mining equipment operations increased by 12.1% from RMB4.553 billion for the six months ended 30 June 2022 to RMB5.104 billion.

For the six months ended 30 June 2023, the composition of the Group's cost of sales for the coal mining equipment operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2023	Percentage (%)	30 June 2022	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Material costs	37.60	73.7	33.51	73.6	4.09	12.2
Staff costs	4.41	8.6	4.01	8.8	0.40	10.0
Depreciation and amortisation	1.70	3.3	1.80	4.0	-0.10	-5.6
Repairs and maintenance	0.60	1.2	0.34	0.7	0.26	76.5
Transportation costs	0.83	1.6	0.62	1.4	0.21	33.9
Sales taxes and surcharges	0.21	0.4	0.20	0.4	0.01	5.0
Other costs	5.69	11.2	5.05	11.1	0.64	12.7
Total cost of sales for coal mining equipment operations	51.04	100.0	45.53	100.0	5.51	12.1

- *Gross profit and gross profit margin*

For the six months ended 30 June 2023, benefitted from the expansion of business scale and further optimisation of product structure, the gross profit of the coal mining equipment operations segment increased by 19.9% from RMB863 million for the six months 30 June 2022 to RMB1.035 billion; and the gross profit margin increased by 1.0 percentage point from 15.9% for the six months ended 30 June 2022 to 16.9%.

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, enhanced the construction and application of treasury system, 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. Business scale reached another new height over the same period, and realised relatively good value appreciation and effectiveness. For the six months ended 30 June 2023, revenue of financial operations of the Group increased by 3.7% from RMB1.125 billion for the six months ended 30 June 2022 to RMB1.167 billion; revenue net of inter-segmental sales increased by 1.3% from RMB916 million for the six months ended 30 June 2022 to RMB928 million; cost of sales increased by 11.0% from RMB481 million for the six months ended 30 June 2022 to RMB534 million. Affected by factors such as the general decline in interest rates in the financial market, gross profit of the financial operations segment decreased by 1.7% from RMB644 million for the six months ended 30 June 2022 to RMB633 million; gross profit margin decreased by 3.0 percentage points from 57.2% for the six months ended 30 June 2022 to 54.2%.

5. *Other Operations Segment*

Other operations segment of the Group mainly includes 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 2023, the Group's revenue from other operations decreased by 1.0% from RMB4.072 billion for the six months ended 30 June 2022 to RMB4.032 billion; revenue net of inter-segmental sales increased by 2.9% from RMB3.459 billion for the six months ended 30 June 2022 to RMB3.560 billion. Cost of sales decreased by 9.1% from RMB3.726 billion for the six months ended 30 June 2022 to RMB3.388 billion. Gross profit increased by 86.1% from RMB346 million for the six months ended 30 June 2022 to RMB644 million, and gross profit margin increased by 7.5 percentage points from 8.5% for the six months 30 June 2022 to 16.0%.

(III) Selling, general and administrative expenses

For the six months ended 30 June 2023, the Group's selling, general and administrative expenses increased by 14.1% from RMB2.912 billion for the six months ended 30 June 2022 to RMB3.322 billion, which was mainly attributable to the year-on-year increase in staff remuneration and expenses related to the sales of products, as well as the influence of, among other things, the change of scope of consolidation for the acquisition of subsidiaries in the fourth quarter of 2022.

Management Discussion and Analysis of Financial Conditions and Operating Results

(IV) Finance income and finance costs

For the six months ended 30 June 2023, the Group's net finance costs decreased by 22.7% from RMB2.036 billion for the six months ended 30 June 2022 to RMB1.573 billion, which was mainly attributable to the further decrease of synthetic fund cost of the Group due to continuous optimisation of debt structure as well as the lower finance costs resulted from the decrease in the total amount of continuing interest-bear debts via combining operation and cash generation with scientific and rational arrangement of debts.

(V) Share of profits of associates and joint ventures

For the six months ended 30 June 2023, the Group's share of profits of associates and joint ventures decreased by 34.8% from RMB3.156 billion for the six months ended 30 June 2022 to RMB2.059 billion, which was mainly attributable to the decrease of market prices of coal and coal chemical products, leading to a year-on-year decrease in the profits of associates and joint ventures, and thus, the corresponding decrease in the Group's share of profits of associates and joint ventures recognized in accordance with its shareholding.

(VI) Other income, gains and losses, net

For the six months ended 30 June 2023, other income, gains and losses, net of the Group represented a net gain of RMB113 million, as compared to a net loss of RMB1.791 billion for the six months ended 30 June 2022, which was mainly attributable to the provision for impairment loss according to impairment test for assets with impairment indications for the same period of last year which have conducted impairment test, such as coal mines with reduced recoverable reserves due to changes in underground geological conditions, as well as coal chemical enterprises and power plants with operating losses.

Management Discussion and Analysis of Financial Conditions and Operating Results

III. CASH FLOW

As at 30 June 2023, the balance of the Group's cash and cash equivalents amounted to RMB30.791 billion, representing a net increase of RMB793 million as compared to RMB29.998 billion as at 31 December 2022.

Net cash inflow generated from operating activities decreased by RMB3.087 billion from RMB20.122 billion for the six months ended 30 June 2022 to RMB17.035 billion. Excluding the influence of deposits absorbed from members other than China Coal Energy by Finance Company and inter-bank funds, the net cash inflow generated from production and sales activities of the Group amounted to RMB15.114 billion, representing a year-on-year decrease of RMB2.007 billion, which was mainly attributable to the year-on-year decrease in operating results of the Group under the decrease in market prices of coal and coal chemical products.

Net cash outflow generated from investing activities decreased by RMB6.760 billion from RMB11.951 billion for the six months ended 30 June 2022 to RMB5.191 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB9.565 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 RMB2.433 billion in cash outflow arising from the increase in provision of self-operated loans to members other than China Coal Energy by Finance Company and the year-on-year decrease of RMB0.436 billion in cash dividends received from shareholding entities.

Net cash outflow generated from financing activities decreased by RMB1.998 billion from RMB13.050 billion for the six months ended 30 June 2022 to RMB11.052 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB4.080 billion in net outflow of debt financing, the year-on-year decrease of RMB0.607 billion in cash outflow for the settlement of interests, and the year-on-year increase of RMB2.731 billion for the payment of dividends to minority shareholders by non-wholly owned enterprises.

IV. SOURCES OF CAPITAL

For the six months ended 30 June 2023, 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 2023, the net value of property, plant and equipment of the Group amounted to RMB124.402 billion, representing a net decrease of RMB2.044 billion or 1.6% as compared to RMB126.446 billion as at 31 December 2022, among which, the net value of buildings was RMB33.504 billion, accounting for 26.9%; that of mining structures was RMB31.537 billion, accounting for 25.4%; that of plant, machinery and equipment was RMB42.880 billion, accounting for 34.5%; that of construction in progress was RMB10.035 billion, accounting for 8.1%; and that of railways, transportation vehicles and others was RMB6.446 billion, accounting for 5.1%.

(II) Mining rights

As at 30 June 2023, the net value of the Group's mining rights amounted to RMB41.824 billion, representing a net increase of RMB2.339 billion or 5.9% as compared to RMB39.485 billion as at 31 December 2022, which was mainly attributable to the combined effect of 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 and the amortisation of mining rights.

(III) Other non-current assets

As at 30 June 2023, the net value of the Group's other non-current assets amounted to RMB7.298 billion, representing a net increase of RMB2.452 billion or 50.6% from RMB4.846 billion as at 31 December 2022, which was mainly attributable to the increase in provision of medium and long term loans to member entities other than the Group by Finance Company.

(IV) Trade receivables and notes receivables

As at 30 June 2023, the net value of the Group's trade receivables and notes receivables amounted to RMB10.610 billion, representing a net increase of RMB1.863 billion or 21.3% from RMB8.747 billion as at 31 December 2022, which was mainly attributable to the increase in receivables for product sales during the settlement period.

(V) Contract liabilities

As at 30 June 2023, the balance of the Group's contract liabilities amounted to RMB4.133 billion, representing a net decrease of RMB2.104 billion or 33.7% from RMB6.237 billion as at 31 December 2022, which was mainly attributable to the decrease in sales advances.

Management Discussion and Analysis of Financial Conditions and Operating Results

(VI) Borrowings

As at 30 June 2023, the balance of the Group's borrowings amounted to RMB65.415 billion, representing a net decrease of RMB6.092 billion or 8.5% from RMB71.507 billion as at 31 December 2022, among which, the balance of long-term borrowings (including the long-term borrowings due within one year) was RMB65.190 billion, representing a net decrease of RMB6.036 billion from RMB71.226 billion as at 31 December 2022, and the balance of short-term borrowings amounted to RMB0.225 billion, representing a net decrease of RMB56 million from RMB0.281 billion as at 31 December 2022.

(VII) Long-term bonds

As at 30 June 2023, the balance of the Group's long-term bonds (including long-term bonds due within one year) amounted to RMB14.109 billion, representing a net decrease of RMB0.430 billion or 3.0% from RMB14.539 billion as at 31 December 2022.

(VIII) Other long-term liabilities

As at 30 June 2023, the balance of the Group's other long-term liabilities amounted to RMB5.558 billion, representing a net increase of RMB1.299 billion or 30.5% from RMB4.259 billion as at 31 December 2022, which was mainly attributable to the increase in the mining right of the transfer gain on mining rights recognized in accordance with relevant national policy by coal production enterprises of the Group, while the portions with a payment term exceeding one year were included in other long-term liabilities.

VI. OVERSEAS ASSETS

For the six months ended 30 June 2023, there were no material change in the Group's major assets. As at 30 June 2023, total assets of the Group amounted to RMB346.552 billion, representing an increase of RMB6.822 billion or 2.0% as compared to RMB339.730 billion as at 31 December 2022, among which, overseas assets amounted to RMB0.535 billion, accounting for 0.15% of total assets.

VII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have a significant charge of assets during the reporting period. As at 30 June 2023, the book value of the Group's charge of assets amounted to RMB1.253 billion, of which, the book value of pledged assets was RMB0.159 billion and the book value of mortgaged assets was RMB1.094 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.

Management Discussion and Analysis of Financial Conditions and Operating Results

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 2023, details of undue corporate bonds issued by the Group are set out as follows.

Disclosures	Corporate Bonds	
	18 China Coal 06	20 China Coal 01
1. Reason for issue	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.
2. Type of issue	Public issue	Public issue
3. Book value	RMB100	RMB100
4. Issue scale	RMB0.8 billion	RMB3.0 billion
5. Total proceeds raised after deducting the issuance expenses	RMB0.798 billion	RMB2.997 billion
6. Bonds balance	RMB0.8 billion	RMB3.0 billion
7. Coupon rate	4.89%	3.60%
8. Issue object	Qualified investor	Professional investor
9. Use details:		
(1) Details and descriptions of the proceeds of each issue for different purposes in the fiscal year	All the proceeds net of issuance fee were used to repay the 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 utilised, 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

Notes: 1) 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 RMB400 million 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. The Company has adjusted the coupon rate of the current tranche of bonds in April 2023, and all investors opted for saleback. The Company has made full payment on principal and interest and completed the delisting for the current tranche of bonds in May 2023, please refer to the relevant announcements made by the Company on Shanghai Stock Exchange and HKSE for details.

2) 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 RMB800 million 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. The Company has adjusted the coupon rate of the current tranche of bonds in June 2023, and all investors opted for saleback. The Company has made full payment on principal and interest and completed the delisting for the current tranche of bonds in July 2023, please refer to the relevant announcements made by the Company on Shanghai Stock Exchange and HKSE for details.

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XI. ISSUANCE OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS

As at 30 June 2023, 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 saleback is 23 July 2024.	Interest paid while principal not due yet
20 China Coal Energy MTN001A	15.00	3.28	5 years	13 April 2020	13 April 2025	Interest paid while principal not due yet
20 China Coal Energy MTN001B	5.00	3.60	7 years	13 April 2020	13 April 2027	Interest paid while principal not due yet
21 China Coal Energy MTN001	30.00	4.00	5 years	26 April 2021	26 April 2026	Interest paid while principal not due yet
Total	<u>100.00</u>	-	-	-	-	-

As of 30 June 2023, the Company 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. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 30 June 2023, the Group provided guarantees of RMB1.462 billion in total, all of which were provided to the share-holding companies in proportion to the Group's shareholdings. Details are as follows:

Unit: RMB10 thousand

The Company's external guarantees (excluding guarantees for subsidiaries)															
Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Major debts	Guarantees (if any)	Completed or not	Overdue or no	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Connected party relationship
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	32,420.00	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)															-12,105.30
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)															146,158.55
guarantee provided by the Company to its subsidiaries															
Total guarantee to subsidiaries incurred during the reporting period															-122,300.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)															-
total guarantee of the Company (including those to subsidiaries)															
Total guarantee (A+B)															146,158.55
Percentage of total guarantee to net assets of the Company (%)															1.1
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)															-

(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

For details of the litigation involving Yihua Mining, Mengda Mining and Yinhe Hongtai Company, please refer to the relevant section of the Company's 2021 annual report. At present, the case is still in the process of litigation. The Company will continue to strengthen communication and coordination to promote the resolution of historical issues left out.

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY

(I) Coal Operations

1. Coal production

In the first half of the year, the Group strengthened safety management, optimise continuous production and kept increasing its production efficiency and system security capability, thereby providing a strong support for securing energy supply. The Group produced 67.12 million tonnes of commercial coal, representing a year-on-year increase of 7.89 million tonnes or 13.3%. Raw coal productivity was 37.9 tonnes per worker shift, maintaining a leading level in the industry. The Group fostered the in-depth integration between coal industry and intelligent technology, where a total of 7 achievements from 5 controlled coal mines were successfully listed into the classical case list for national intelligent coal mine construction. Safety level and efficient production capability of coal mines were continuously enhanced.

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

Item	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Change (%)
Production volume of commercial coal	6,712	5,923	13.3
(I) By region:			
1. Shanxi	4,433	4,142	7.0
2. Inner Mongolia and Shaanxi	1,884	1,424	32.3
3. Jiangsu	237	285	-16.8
4. Xinjiang and others	158	72	119.4
(II) By coal type:			
1. Thermal coal	6,137	5,361	14.5
2. Coking coal	575	562	2.3

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 accelerated the release of advanced production capacity, continued to strengthen the coordination between production and sales, effectively consolidated external resources, strived to expand external purchase and sales, to secure the supply of electricity coal in key areas and at key time periods. The Group actively planned for the establishment of extensive logistics structure, accelerated the consolidation of resources for production, supply, reserve and sales, while comprehensively increased its capability to secure energy safety. By scientifically analysing the market and flexibly adjusting sales strategy, the Group has progressively stabilised its market share, with further increase of China Coal’s brand advantage, market disclosure power and influence. In the first half of the year, the sales volume of commercial coal was 146.66 million tonnes, representing a year-on-year increase of 9.9%, among which, the sales volume of self-produced commercial coal was 64.85 million tonnes, representing a year-on-year increase of 10.6%.

Business Performance

Table on Coal Sales

Unit: 10 thousand tonnes

Item	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Change (%)
Sales volume of commercial coal	14,666	13,349	9.9
(I) By business type:			
1. Self-produced commercial coal	6,485	5,865	10.6
2. Proprietary trading coal	7,620	6,896	10.5
3. Import and export and domestic agency	561	588	-4.6
(II) By region:			
1. North China	4,705	4,614	2.0
2. East China	4,921	4,580	7.4
3. South China	1,895	1,664	13.9
4. Central China	1,485	1,206	23.1
5. Northwest China	1,275	926	37.7
6. Other regions	385	359	7.2

(II) Coal Chemical Operations

In the first half of the year, the Group kept on strengthening the refined management of coal chemical operations, and actively overcame the impact of price drop for chemical products, while optimised production organisation and strictly controlled unscheduled suspension. The output of the major products reached 3.003 million tonnes, representing a year-on-year increase of 2.0%, under the scheduled overhaul of some equipment. With stringent cost control and by facilitating energy conservation and efficiency enhancement, the overall energy consumption values of unit product for coal-to-olefins and coal-to-urea were better than the industry standards for energy efficiency.

Facing the intense fluctuation of energy and chemical markets, the Company placed efforts on strengthening the coordination of production, delivery and sales, customers management, logistics security and internal control, while flexibly adjusted marketing strategies and facilitated various works in a solid and orderly manner. The sales volume of major coal chemical products was 3.211 million tonnes, representing a year-on-year increase of 7.2%. The Group strictly implemented the national policies of securing supply and stabilising price of chemical fertilizers, placed efforts on securing the supply of urea in Spring, successfully completed the national mission on fertiliser commercial reserve for year 2022 to 2023 while actively fostered differentiation and customised operations. In the first half of the year, the sales volume of urea products containing polyglutamic acid was 50,000 tonnes in aggregate and the sales volume of polyolefin differentiated products was 49,000 tonnes. With the continuous improvement of production, sales and research structure, the capability of differentiated efficiency generation was further enhanced.

Business Performance

Table on Production and Sales Volume of Major Coal Chemical Products

Unit: 10 thousand tonnes

Item	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Change (%)
Production volume of coal chemical products	300.3	294.5	2.0
Sales volume of coal chemical products	321.1	299.5	7.2
(I) Polyolefin			
1. Production volume	76.2	75.2	1.3
2. Sales volume	74.9	72.7	3.0
(II) Urea			
1. Production volume	98.6	100.4	-1.8
2. Sales volume	119.9	114.2	5.0
(III) Methanol			
1. Production volume	96.5	97.0	-0.5
2. Sales volume	97.1	90.7	7.1
(IV) Ammonium nitrate			
1. Production volume	29.0	21.9	32.4
2. Sales volume	29.2	21.9	33.3

Notes: 1. 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.

2. The methanol sales volume of the Group includes internal consumption volume.

(III) Coal Mining Equipment Operations

In the first half of the year, by reform and development, quality enhancement, technological innovation, focus on benchmarking management, quality and efficiency increment, cost saving and efficiency enhancement, the Group greatly increased output level. The aggregate production value of coal mining equipment amounted to RMB5.91 billion, representing a year-on-year increase of 14.8%. Focusing on the market, the Group paid close attention to the needs of users, grasped the opportunity of intelligent construction of coal mines, and promoted the transformation and upgrading of "intelligence, informatisation and digitalisation". With increasing proportion of high-end products and quality market share, accumulative value of new contracts increased by 11.1% year-on-year. The Group actively facilitated the research and development of high-end intelligent products, placed great efforts on the establishment of intelligent plants and captured the advantages in terms of technological innovation, while continued to extend the exploration in non-coal areas, actively expanded overseas operations, and continuously enhanced market image and brand effect.

Business Performance

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

Product type	Production value			Revenue	
	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Change (%)	For the six months ended 30 June 2023	Percentage of revenue of the coal mining equipment (%)
Main conveyor products	26.9	22.5	19.6	24.83	40.4
Main support products	20.3	17.3	17.3	20.63	33.6
Others	11.9	11.7	1.7	15.93	26.0
Total	59.1	51.5	14.8	61.39	100.0

(IV) Financial Operations

In the first half of the year, building on the whole industry value chain for coal business and the development of new energy industry, the Group continued to enhance financial technology innovation and lean capital management, fully implemented the latest revised version of the Administrative Measures for Finance Company of Enterprise Group, and fully promoted the establishment and application of treasury system. It strengthened fund account management and monitoring of budget implementation, improved fund management efficiency and effectiveness, accurately analysed interest rate trend of the financial market, and timely optimised and adjusted its allocation strategy of the interbank deposit allocation strategy. With increasing credit support and enhanced financial service innovation, the optimisation and adjustment of the Company's industry structure was supported. At the end of reporting period, scale of deposits absorbed amounted to RMB90.01 billion, representing a year-on-year increase of 23.2%; placement of interbank deposits amounted to RMB73.58 billion, representing a year-on-year increase of 16.5%; scale of self-operated loans amounted to RMB17.63 billion, representing a year-on-year increase of 27.3%.

Table on Financial Operations

Unit: RMB100 million

Business types	As at 30 June 2023	As at 30 June 2022	Change (%)
Scale of deposits absorbed	900.1	730.7	23.2
Placement of interbank deposits	735.8	631.4	16.5
Scale of self-operated loans	176.3	138.5	27.3

Business Performance

(V) Synergy among Business Segments

Focusing on leveraging the advantages of coal-electricity-chemical industry chain, the Group further pushed forward the regional integrated management and continuously optimised the regional industry structure, thereby realising the synergetic development among business segments and improving the overall competitiveness and risk resistance capacity. In the first half of the year, the Group produced 6.34 million tonnes of coal for internal consumption, representing a year-on-year increase of 1.29 million tonnes. The coal mining equipment operations achieved internal product sales and services revenue of RMB0.63 billion, accounting for 10.2% of the total sales revenue of the business segment. For financial operations, newly issued internal loans amounted to RMB3.69 billion and the amount of internal loans as at the end of reporting period was RMB12.36 billion. By offering financing operations with rich varieties and quality service and coordinating with member entities to greatly lower loan interest rate, total finance expenses of approximately RMB0.23 billion has 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., and adhering to the development direction of "efficiency enhancement and incremental transformation", the Company would strive to build a world-class clean energy enterprise pursuing "multi-energy complementation, green and low-carbon business, innovation demonstration and modern governance".

The scale of the Company's principal coal business is at the forefront of the country. The production and development layouts are concentrated in the energy bases under the national planning, as well as the provinces and districts with abundant resources in the central and western regions. 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. The Company's coal key construction projects have achieved progress smoothly. Dahaize Coal Mine successfully put into trial operation as a whole. Projects such as Libi Coal Mine all progress steadily and orderly. 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.

The Company focuses on clean and efficient conversion and utilisation of coal, and strives to establish a new circular economic business line for coal-power-chemical. For coal chemical operations, the development of modern coal chemical industries such as coal-to-olefins and coal-to-urea is highlighted, the equipment maintains 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 utilising inferior coal, facilitates the coal-power operation and integration, and creates the features and advantages of low-cost, high-efficiency, and comprehensive utilisation of resources in a proactive manner.

Business Performance

The Company relies on its own advantages of the mining areas to promote the in-depth integration of coal, coalfired power, coal chemical industry and new energy. The Company has a large number of open-pit coal mines and underground coal mines of comprehensive range of mine types and a wide range of distribution areas. The Company has abundant on-ground land resources and underground space resources such as coal mining subsidence areas, industrial sites, dumps, underground roadways, mine pits, as well as the conditions for coalfired power industry and coal chemical industry to support energy consumption. The Company has the advantages of developing the energy bases complemented by multiple types of energy and “integration of source-network-load storage”.

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. Capitalising 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 is a large-scale energy enterprise with the advantages of the whole industry chain for coal business, which is able to engage in manufacturing coal mining equipment, coal mining, washing, preparation and processing, logistics and transportation as well as provision of systematic solutions. 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 the industry and the society.

The Company insists on innovation-driven growth and becomes the leader of the industry. With the increased investment in research and development, the Company accelerates the integration of innovative resources, the construction of scientific research platform, and further promotes industry-university-research cooperation to ensure innovative development. The Company accelerates the construction of big data and digital management system. It also strives to carry out the construction of intelligent coal mines. New achievements were made in important technological projects, and the implementation of a batch of national technological projects achieved stage results. Through strengthening the research on key technologies, new technology “Key Technologies for Rock Burst Prevention and Control in the Areas of Inner Mongolia and Shaanxi” has set a new benchmark for efficient management of major disasters. The Company takes a step forward for digital transformation, and the integration of intelligence and digitalisation enables the business to improve steadily.

The Company attaches great importance to the development of corporate culture, continuously improves its management system and creates a good internal development environment. The Company continues to promote a reform of the headquarters’ institutions and strived to build capable and efficient headquarters with “clear strategic orientation, excellent operational management and control, and first-class value creation”. The Company has established a sound corporate management system and is gradually improving its internal control and risk control systems. The Company devotes major efforts to implement centralised management and control over sales of coal and coal chemical products as well as centralised management of finance, investment and material procurement, and enhances management by objectives and comprehensive budget control, significantly lowers the costs and enhances its advantages on productivity and operating efficiency.

In recent years, the Company has adhered to the existing strategy with firm confidence in development, and its principal coal business has achieved scale development. The Company has expedited the extension of coal business to coal chemical and coal-fired power generation areas, and has enhanced value-added capabilities of the overall industry chain while has created a dense industry chain. The Company has promoted a shift of development model from a scale and speed-oriented extensive growth model to a quality and efficiency-focused intensive model, thus continuously improving its core competitiveness. The Company has vigorously pushed forward quality enhancement, cost reduction and efficiency improvement so as to maintain a sound financial structure and enhance risk resistance capability, thus taking solid steps towards high-quality development of the Company.

Investor Relations

In the first half of 2023, the Company adhered to the principles of being “proactive, accurate, coordinated, effective, comprehensive, honest and compliant” to carry out investor relations work through multiple channels, platforms and formats, innovate the means of communication, and manage investor relations in a quality and efficient manner.

OPEN AND VARIOUS COMMUNICATION CHANNELS

Among listed companies controlled by central enterprises, the Company was the first to hold monthly briefings on production and operation, through which the Company continuously innovated the means of communication with the market. It continued to strengthen barrier-free communication mechanism through multiple platforms and methods, such as investor meetings, conference calls with investors, forums, mailboxes, and the Shanghai Stock Exchange’s E-interactive platform. The briefings on annual and first-quarter results were convened via teleconference and an online text platform which allowed interactions and broadcast in both Chinese and English at domestic and overseas through several well-known third-party live audio streaming platforms to answer investors’ enquiries. Announcements on the results briefings were released afterwards in a timely manner for those who were unable to attend the meetings to catch up the convening of the meetings.

100% RESPONSE RATE

The Company responded to enquiries from various platforms and channels and gave accurate answers in a timely manner. In the first half of the year, the Company maintained smooth communication with investors through various methods, such as the investor relations hotline, the Shanghai Stock Exchange’s E-interactive platform, WeChat group and the investor relations mailbox. More than 70 calls to the investor enquiry hotline and nearly 150 questions were answered. Nearly 40 messages left on the Shanghai Stock Exchange’s E-interactive platform were replied. Nearly 2,000 participants took part in exchange meetings and more than 1,000 questions were answered, representing a response rate of 100%.

TIMELY FEEDBACK ON INFORMATION IN CAPITAL MARKET

The Company tracked and analysed hot topics in the capital market, established the work mechanism of “daily reports, weekly newsletters and monthly analyses”, strengthened the monitoring of company research reports and public opinions. The Company continued to track and analyse hot topics in the capital market, conducted extensive research to understand investors’ opinions and suggestions on the Company’s operating results, information disclosure and investor relations management. The Company released daily news information and weekly news bulletins, prepared capital market analysis reports regularly, and timely reported capital market concerns to the management of the Company. The Company took multiple measures to maintain a good market atmosphere, fully safeguarded the legitimate interests of investors, and matched its market value with intrinsic value.

In the first half of 2023, the Company organised two results briefing sessions, thereby setting a new record as more than 18,000 people participated by streaming on various online platforms. Six monthly production and operation briefings and 50 investor communication events were held. In the first half of the year, both the number of meeting participants and the number of replies to enquiries hit record highs, showcasing the positive promulgation of the Company’s 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 places of listing 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 Shareholder's 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.

As at the end of the reporting period, the Board of the Company comprises eight Directors, including four executive Directors, one non-executive Director 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 two Shareholder's general meeting, four meetings of the Board and four 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.

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 rules 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 2023 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 2023, 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 2022

The Company's plan of profit distribution for the year of 2022 was considered and approved at the Company's 2022 annual general meeting held on 13 June 2023. Cash dividend of RMB5,472,160,500 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed company of RMB18,240,535,000, for the year of 2022 as set out in the consolidated financial statements of 2022 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 RMB0.413 per share (tax inclusive). By 8 August 2023, the aforesaid dividends have been duly paid to the Shareholders.

III. INTERIM PROFIT DISTRIBUTION PLAN FOR 2023

The Company does not distribute any interim profit for 2023 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 2023, 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 three categories, namely infrastructure projects, equity investment, as well as technological transformation and upgrade. The total capital expenditure budgeted for 2023 was RMB18.020 billion. During the reporting period, the actual investment amount was RMB4.324 billion, representing 24% 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.

Performance of Capital Expenditure Budgeted for the First Half of 2023 (By Expense Items)

Unit: RMB100 million

Items of capital expenditure	Actual investment from January to June 2023	Budgeted investments in 2023	Actual investment ratio %
Total	43.24	180.20	24.00
Infrastructure projects	26.60	118.34	22.48
Equity investment	0	0.60	0
Technological transformation and upgrade	16.64	61.26	27.16

Performance of Capital Expenditure Budgeted for the First Half of 2023 (By Business Segments)

Unit: RMB100 million

Items of capital expenditure	Actual investment from January to June 2023	Budgeted investments in 2023	Actual investment ratio %
Total	43.24	180.20	24.00
Coal	33.38	104.56	31.92
Coal chemical	3.16	38.04	8.31
Power generation	4.73	18.83	25.12
New energy	0.93	14.00	6.64
Coal mining equipment	1.02	4.72	21.61
Other	0.02	0.05	40.00

(II) Overall Analysis on External Equity Investments

In the first half of the year, the Company did not have external equity investment.

Disclosure of Major Events

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

For the six months ended 30 June 2023, 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 2023, 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 2023, to the best knowledge of the Directors, Supervisors and chief executive of the Company, there were no other persons who were interested or held short positions in the Company’s shares or underlying shares as recorded in the register of interests required to be maintained under section 336 of the Securities and Futures Ordinance.

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

As at 30 June 2023, 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 2023, 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.

Disclosure of Major Events

IX. EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2023, the Company had a total of 46,495 on-the-job employees, including 29,398 production personnel, 1,046 sales personnel, 9,386 technical personnel, 921 financial personnel, 3,293 administrative personnel and 2,451 other personnel.

The Company continued to deepen the reform of the corporate personnel system. Implemented institutional reform, streamlined organizational structure, scientifically set up posts and divided responsibilities, and streamlined human resources allocation; implemented the tenure system and contractual management of management members, strengthened market-oriented labour employment, actively promoted the introduction of professional talents and the employment of reputable college graduates, and ensured the development needs of each industry.

The Company continued to deepen the quality education of our staff. Actively cooperated with various national training institutions and held training on the improvement of the comprehensive quality of corporate leaders, outstanding young cadres and skilled talents; proactively established an internal internet learning and education platform of the Company and carried out training on the “dual carbon” strategy, intelligent coal mines, and state-owned enterprise reform to effectively improve the comprehensive quality of the workforce.

The Company continued to deepen the reform of the income distribution system. Strengthened a scientific and effective incentive and restraint mechanism, established a remuneration distribution system that is basically in line with the labour market level and based on the value of employees’ positions and performance contributions, stimulated enthusiasm and initiative to work, and promoted the implementation of key tasks of reform and development such as corporate strategic goals, innovation-driven and high-quality development.

X. CHANGES IN DIRECTORS AND SUPERVISORS

On 28 March 2023, the Company convened the 2023 first extraordinary general meeting, and elected Wang Shudong, Peng Yi, Liao Huajun and Zhao Rongzhe as executive Directors, Xu Qian as a non-executive Directors, and Zhang Chengjie, Jing Fengru and Hung Lo Shan Lusan as independent non-executive Directors, who jointly constitute the fifth session of the Board of the Company. Wang Wenzhang and Zhang Qiaoqiao were elected as shareholder representative Supervisors, and Zhang Feng was elected by the employee representative meeting as an employee representative Supervisor, who jointly constitute the fifth session of the supervisory committee of the Company. Effective from 28 March 2023, Zheng Ke and Leung Chong Shun retired as the independent non-executive Directors of the fourth session of the Board, and Zhang Shaoping ceased to assume the position of employee representative Supervisor of the Company.

XI. OTHER DISCLOSED EVENTS

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

XII. 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 40 to 87, 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 2023 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

24 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Revenue	6	109,356,726	118,038,729
Cost of sales	9		
Materials used and goods traded		(60,375,719)	(66,063,741)
Staff costs		(3,912,743)	(3,555,123)
Depreciation and amortisation		(5,391,492)	(4,940,537)
Repairs and maintenance		(1,176,778)	(1,225,537)
Transportation costs and port expenses		(5,504,323)	(5,317,233)
Sales taxes and surcharges		(3,608,459)	(3,613,622)
Others		(5,434,334)	(4,739,902)
		(85,403,848)	(89,455,695)
Gross profit		23,952,878	28,583,034
Selling expenses	9	(455,731)	(371,682)
General and administrative expenses	9	(2,866,095)	(2,540,014)
Other income, gains and losses, net	7	113,062	(1,790,521)
Impairment losses under expected credit loss model, net of reversal	8	(37,468)	(10,369)
Profit from operations		20,706,646	23,870,448
Finance income	10	35,814	25,056
Finance costs	10	(1,609,051)	(2,061,040)
Share of profits of associates and joint ventures		2,059,027	3,156,453
Profit before income tax		21,192,436	24,990,917
Income tax expense	11	(4,477,837)	(5,185,835)
Profit for the period		16,714,599	19,805,082

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
PROFIT FOR THE PERIOD	<u>16,714,599</u>	<u>19,805,082</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates, net of related income tax	(485)	–
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax	<u>137,549</u>	<u>149,545</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	3,555	10,405
Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss	(6,176)	(758)
Exchange differences arising on translation of foreign operations	<u>4,510</u>	<u>(6,587)</u>
Other comprehensive income for the period, net of tax	<u>138,953</u>	<u>152,605</u>
Total comprehensive income for the period	<u>16,853,552</u>	<u>19,957,687</u>
Profit for the period attributable to:		
Equity holders of the Company	12,731,596	14,528,913
Non-controlling interests	<u>3,983,003</u>	<u>5,276,169</u>
	<u>16,714,599</u>	<u>19,805,082</u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	12,871,672	14,682,355
Non-controlling interests	<u>3,981,880</u>	<u>5,275,332</u>
	<u>16,853,552</u>	<u>19,957,687</u>
Basic and diluted earnings per share for the profit attributable to equity holders of the Company (RMB)	<u>0.96</u>	<u>1.10</u>

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	<i>Notes</i>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited) (Restated)
Non-current assets			
Property, plant and equipment	<i>14</i>	124,401,873	126,445,836
Right-of-use assets		560,559	362,754
Investment properties		67,132	69,089
Mining rights	<i>15</i>	41,824,433	39,484,920
Intangible assets	<i>16</i>	1,853,621	1,895,222
Land use rights	<i>17</i>	6,708,932	6,788,002
Goodwill		6,084	6,084
Interests in associates		26,757,064	25,240,148
Interests in joint ventures		3,806,111	4,508,156
Equity instruments at fair value through other comprehensive income		3,584,185	3,410,938
Deferred income tax assets	<i>28</i>	2,048,860	2,356,158
Long-term receivables		300,559	406,200
Other non-current assets	<i>18</i>	7,297,511	4,845,680
Total non-current assets		219,216,924	215,819,187
Current assets			
Inventories	<i>19</i>	10,080,677	9,350,026
Trade receivables and notes receivables	<i>20</i>	10,610,373	8,747,383
Debt instruments at fair value through other comprehensive income	<i>20</i>	4,430,023	5,881,285
Contract assets	<i>21</i>	2,114,860	1,972,141
Prepayments and other receivables	<i>22</i>	7,367,414	6,934,687
Restricted bank deposits	<i>23</i>	9,951,052	9,175,006
Term deposits with initial terms of over three months		51,989,904	51,852,476
Cash and cash equivalents		30,790,709	29,998,038
Total current assets		127,335,012	123,911,042
TOTAL ASSETS		346,551,936	339,730,229

Condensed Consolidated Statement of Financial Position

At 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited) (Restated)
Current liabilities			
Trade and notes payables	24	25,800,405	25,420,854
Contract liabilities		4,132,700	6,236,819
Accruals, advances and other payables	25	43,456,048	37,285,929
Taxes payable		1,970,648	3,207,822
Lease liabilities		84,252	73,291
Short-term borrowings	26	225,400	281,390
Current portion of long-term borrowings	26	21,464,731	30,891,551
Current portion of long-term bonds	27	1,129,141	1,561,811
Current portion of provision for closedown, restoration and environmental costs	29	87,056	38,723
Total current liabilities		98,350,381	104,998,190
Non-current liabilities			
Long-term borrowings	26	43,724,335	40,333,864
Long-term bonds	27	12,980,046	12,977,222
Deferred income tax liabilities	28	4,148,773	4,416,997
Lease liabilities		563,729	372,460
Provision		2,533	16,800
Provision for employee benefits		91,886	89,605
Provision for closedown, restoration and environmental costs	29	5,174,187	5,141,213
Deferred revenue		2,182,909	2,235,906
Other long-term liabilities		5,557,971	4,259,184
Total non-current liabilities		74,426,369	69,843,251
Total liabilities		172,776,750	174,841,441

Condensed Consolidated Statement of Financial Position

At 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
			(Restated)
Equity			
Share capital	30	13,258,663	13,258,663
Reserves		53,764,170	52,551,361
Retained earnings		70,987,115	64,804,080
		<hr/>	<hr/>
Equity attributable to the equity holders of the Company		138,009,948	130,614,104
Non-controlling interests		35,765,238	34,274,684
		<hr/>	<hr/>
Total equity		173,775,186	164,888,788
		<hr/> <hr/>	<hr/> <hr/>
TOTAL EQUITY AND LIABILITIES		346,551,936	339,730,229
		<hr/> <hr/>	<hr/> <hr/>

The interim condensed consolidated financial statements on pages 40 to 87 were approved and authorised for issue by the Board of Directors on 24 August 2023 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 2023

	Attributable to the equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Reserve	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 (Audited)	13,258,663	52,551,361	64,703,761	130,513,785	34,265,380	164,779,165
Effect of adoption of amendments to IAS 12 (Note 3)	-	-	100,319	100,319	9,304	109,623
At 1 January 2023 (Restated)	13,258,663	52,551,361	64,804,080	130,614,104	34,274,684	164,888,788
Profit for the period	-	-	12,731,596	12,731,596	3,983,003	16,714,599
Other comprehensive income for the period, net of tax	-	140,076	-	140,076	(1,123)	138,953
Total comprehensive income for the period	-	140,076	12,731,596	12,871,672	3,981,880	16,853,552
Appropriations	-	842,931	(842,931)	-	-	-
Share of other changes of reserves of associates and joint ventures	-	229,579	(229,579)	-	-	-
Contributions from non-controlling interests	-	-	-	-	32,552	32,552
Dividend attributable to the equity holders of the Company (Note 12)	-	-	(5,475,828)	(5,475,828)	(2,523,878)	(7,999,706)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	223	(223)	-	-	-
At 30 June 2023 (Unaudited)	13,258,663	53,764,170	70,987,115	138,009,948	35,765,238	173,775,186
At 31 December 2021 (Audited)	13,258,663	49,195,789	51,095,657	113,550,109	28,613,862	142,163,971
Acquisition of a subsidiaries under common control in 2022	-	56,000	73,087	129,087	101,425	230,512
Application of amendments of IAS 16	-	-	430,278	430,278	7,703	437,981
Effect of adoption of amendments to IAS 12 (Note 3)	-	-	81,799	81,799	6,838	88,637
At 1 January 2022 (Restated)	13,258,663	49,251,789	51,680,821	114,191,273	28,729,828	142,921,101
Profit for the period (Restated)	-	-	14,528,913	14,528,913	5,276,169	19,805,082
Other comprehensive income for the period, net of tax	-	153,442	-	153,442	(837)	152,605
Total comprehensive income for the period (Restated)	-	153,442	14,528,913	14,682,355	5,275,332	19,957,687
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	-	(135,677)	-	(135,677)	-	(135,677)
Contributions from non-controlling interests	-	-	-	-	110,000	110,000
Dividends	-	-	(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 and restated)	13,258,663	50,423,366	61,065,340	124,747,369	34,108,480	158,855,849

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Cash generated from operations		22,757,362	25,352,344
Income tax paid		(5,722,051)	(5,230,162)
Net cash generated from operating activities		17,035,311	20,122,182
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,024,259)	(4,423,192)
Proceeds from disposals of property, plant and equipment		27,491	44,874
Proceeds from disposals of intangible assets		–	182
Payments for land use rights, mining rights and intangible assets		(1,262,880)	(660,129)
Payment for investment in an associate		–	(17,779)
Proceeds from disposals of equity investments designated at FVOCI		10,070	–
Dividends received		734,287	1,170,395
Loans repayment from the Parent Company and fellow subsidiaries		1,028,726	1,845,341
Loans granted to the Parent Company and fellow subsidiaries		(2,270,491)	(654,000)
Interest income on loans to associates		(14,925)	172
Interest income on loans to the Parent Company and fellow subsidiaries		77,024	69,168
Interest income on term deposits		641,304	368,804
Increase in term deposits with initial terms of over three months		(137,428)	(9,702,823)
Disposal of a subsidiary		–	7,544
Refund of prepayments for investments in prior years and related interests		138	896
Net cash used in investing activities		(5,190,943)	(11,950,547)
FINANCING ACTIVITIES			
Proceeds from borrowings		16,216,544	3,584,030
Repayments of borrowings		(22,203,372)	(4,050,686)
Repayments of long-term bonds		(400,000)	(10,000,000)
Payment for acquisition of subsidiaries under common control		–	(136,297)
Contributions from non-controlling interests		32,552	110,000
Dividends paid		(2,995,974)	(265,092)
Interest paid		(1,629,966)	(2,237,462)
Repayments of lease liabilities		(68,742)	(52,323)
Bond issuance costs		(3,500)	(2,084)
Net cash used in financing activities		(11,052,458)	(13,049,914)
Net increase/(decrease) in cash and cash equivalents		791,910	(4,878,279)
Cash and cash equivalents, at the beginning of the period		29,998,038	31,095,384
Effect of foreign exchange rate changes		761	13,219
Cash and cash equivalents at the end of the period		30,790,709	26,230,324

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

1. GENERAL INFORMATION

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”). China Coal Group is a subordinate enterprise of State-owned Assets Supervision and Administration Commission established in China. 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, manufacturing and sales of coal mining equipment 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 2023 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”), issued by the International Accounting Standards Board (“IASB”) as well as 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 2022.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

3. CHANGE IN ACCOUNTING POLICIES

The interim 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 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the interim condensed consolidated statement of financial position:

		Before the application of Amendments to IAS 12 As at 1 January 2022	Effect of Application of Amendments to IAS 12	After the application of Amendments to IAS 12 As at 1 January 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax assets		2,376,648	89,459	2,466,107
Total non-current assets		216,792,564	89,459	216,882,023
TOTAL ASSETS		322,200,920	89,459	322,290,379
Deferred income tax liabilities	<i>(i)</i>	5,597,260	822	5,598,082
Total non-current liabilities		91,428,853	822	91,429,675
Total liabilities		179,368,456	822	179,369,278
Retained earnings		51,599,022	81,799	51,680,821
Non-controlling interests		28,722,990	6,838	28,729,828
Total equity		142,832,464	88,637	142,921,101
TOTAL EQUITY AND LIABILITIES		322,200,920	89,459	322,290,379

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

Impact on the interim condensed consolidated statement of financial position: (continued)

	Before the application of Amendments to IAS 12 As at 31 December 2022	Effect of Application of Amendments to IAS 12	After the application of Amendments to IAS 12 As at 31 December 2022
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax assets	2,242,247	113,911	2,356,158
Total non-current assets	215,705,276	113,911	215,819,187
TOTAL ASSETS	339,616,318	113,911	339,730,229
Deferred income tax liabilities	4,412,709	4,288	4,416,997
Total non-current liabilities	69,838,963	4,288	69,843,251
Total liabilities	174,837,153	4,288	174,841,441
Retained earnings	64,703,761	100,319	64,804,080
Non-controlling interests	34,265,380	9,304	34,274,684
Total equity	164,779,165	109,623	164,888,788
TOTAL EQUITY AND LIABILITIES	339,616,318	113,911	339,730,229

Note (i): The deferred tax asset and the deferred tax liability of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the interim condensed consolidated statement of profit or loss

	Before the application of Amendments to IAS 12 For the six months ended 30 June 2022	Effect of Application of Amendments to IAS 12	After the application of Amendments to IAS 12 For the six months ended 30 June 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Income tax expense	(5,184,216)	(1,619)	(5,185,835)
Profit for the period	19,806,701	(1,619)	19,805,082
Total comprehensive income for the period	19,959,306	(1,619)	19,957,687

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

The adoption of amendments to HKAS 12 did not have significant impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows.

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. After evaluation, the amendments did not have significant impact to the Group.

4. 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 2022.

5. SEGMENTS INFORMATION

5.1 General information

- (a) ***Factors that management used to identify the Group's operating and reportable 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 2023

5. SEGMENTS INFORMATION (CONTINUED)

5.1 General information (continued)

(b) Operating and reportable segments

The Group's operating and reportable segments mainly include coal segment, coal chemical segment, coal mining equipment segment and finance segment.

- Coal – Production and sales of coal;
- Coal chemical – Production and sales of coal-chemical products;
- Coal mining equipment – Manufacturing and sales of coal mining equipment; and
- Finance – 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 reported are combined and disclosed in the category of “Others” segment.

5.2 Information about operating and reportable segments' profit or loss, assets and liabilities

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

The CODM evaluates performance on the basis of profit or loss before income tax expense. The Group accounts for inter-segment sales and transfers as if the sales or transfers were 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 2023

5. SEGMENTS INFORMATION (CONTINUED)

5.2 Information about operating and reportable segments' profit or loss, assets and liabilities (continued)

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

	For the six months ended 30 June 2023 and as at 30 June 2023 (Unaudited)								
	Coal RMB'000	Coal chemical RMB'000	Coal mining equipment 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	93,523,044	11,224,675	6,139,066	1,167,205	4,031,627	116,085,617	-	(6,728,891)	109,356,726
Inter-segment revenue	(4,832,077)	(559,518)	(626,176)	(239,154)	(471,966)	(6,728,891)	-	6,728,891	-
Revenue from external customers	<u>88,690,967</u>	<u>10,665,157</u>	<u>5,512,890</u>	<u>928,051</u>	<u>3,559,661</u>	<u>109,356,726</u>	<u>-</u>	<u>-</u>	<u>109,356,726</u>
Segment results									
Profit/(loss) from operations	17,793,920	1,415,221	445,374	621,493	453,498	20,729,506	(106,259)	83,399	20,706,646
Profit/(loss) before income tax									
Interest income	200,720	33,086	14,045	-	48,931	296,782	290,661	(551,629)	35,814
Interest expenses	(803,214)	(297,164)	(38,855)	-	(112,784)	(1,252,017)	(817,051)	465,976	(1,603,092)
Depreciation and amortisation	(3,518,555)	(1,698,868)	(202,509)	(837)	(240,225)	(5,660,994)	(9,763)	-	(5,670,757)
Share of profits of associates and joint ventures	1,260,757	638,037	17,339	-	1,838	1,917,971	141,056	-	2,059,027
Income tax expense	(3,961,479)	(210,404)	(74,504)	(163,800)	(69,233)	(4,479,420)	-	1,583	(4,477,837)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(15,761)	-	-	-	-	(15,761)	-	-	(15,761)
(Provision)/reversal of impairment of other assets	(9,686)	(23)	(14,187)	559	(4,970)	(28,307)	(153)	(9,008)	(37,468)
Addition to non-current assets	6,148,219	116,491	96,489	43	13,682	6,374,924	426,761	-	6,801,685
Segment assets and liabilities									
Total assets	<u>198,515,024</u>	<u>65,228,987</u>	<u>20,868,125</u>	<u>95,980,997</u>	<u>15,410,579</u>	<u>396,003,712</u>	<u>13,205,393</u>	<u>(62,657,169)</u>	<u>346,551,936</u>
Including: interests in associates and joint ventures	<u>9,561,705</u>	<u>15,370,593</u>	<u>623,295</u>	<u>-</u>	<u>237,204</u>	<u>25,792,797</u>	<u>4,770,378</u>	<u>-</u>	<u>30,563,175</u>
Total liabilities	<u>100,242,243</u>	<u>24,880,253</u>	<u>11,683,975</u>	<u>90,245,226</u>	<u>9,495,573</u>	<u>236,547,270</u>	<u>60,910,083</u>	<u>(124,680,603)</u>	<u>172,776,750</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

5. SEGMENTS INFORMATION (CONTINUED)

5.2 Information about operating and reportable segments' profit or loss, assets and liabilities (continued)

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

	For the six months ended 30 June 2022 and as at 31 December 2022 (Restated)								
	Coal	Coal	Coal	Finance	Others	Total	Unallocated	Inter-	Total
	RMB'000	chemical	mining	RMB'000	RMB'000	segment	RMB'000	segment	RMB'000
		RMB'000	equipment	RMB'000	RMB'000	RMB'000	RMB'000	elimination	RMB'000
			RMB'000					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 expense	(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	(4,676,930)	(228,052)	(28,220)	(144,797)	(109,926)	(5,187,925)	-	2,090	(5,185,835)
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)/Reversal of 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>195,119,177</u>	<u>64,169,942</u>	<u>19,745,269</u>	<u>96,169,284</u>	<u>15,352,034</u>	<u>390,555,706</u>	<u>11,862,103</u>	<u>(62,687,580)</u>	<u>339,730,229</u>
Including: interests in associates and joint ventures	<u>10,271,089</u>	<u>14,738,242</u>	<u>596,740</u>	<u>-</u>	<u>282,827</u>	<u>25,888,898</u>	<u>3,859,406</u>	<u>-</u>	<u>29,748,304</u>
Total liabilities	<u>98,090,149</u>	<u>24,120,937</u>	<u>10,275,823</u>	<u>90,708,338</u>	<u>9,080,775</u>	<u>232,276,022</u>	<u>59,828,301</u>	<u>(117,262,882)</u>	<u>174,841,441</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

5. SEGMENTS INFORMATION (CONTINUED)

5.3 Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location of the operations. 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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Domestic markets	108,489,052	117,292,121
Overseas markets	867,674	746,608
	<u>109,356,726</u>	<u>118,038,729</u>

Analysis of non-current assets

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Domestic markets	213,282,568	209,645,626
Overseas markets	752	265
	<u>213,283,320</u>	<u>209,645,891</u>

Note:

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

5.4 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 2023 and 2022.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

6. REVENUE

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Goods and services	108,324,398	116,971,819
Rental income	104,277	151,119
Interest income	928,051	915,791
	<u>109,356,726</u>	<u>118,038,729</u>

(i) **Disaggregation of revenue from contracts with customers for the six months ended 30 June 2023 and 2022:**

	For the six months ended 30 June 2023 (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	88,481,017	-	-	-	88,481,017
Sales of coal-chemical products	-	10,618,123	-	-	10,618,123
Sales of mining machinery	-	-	5,331,975	-	5,331,975
Sales of electric power	-	-	-	2,239,034	2,239,034
Sales of aluminium products	-	-	-	850,288	850,288
Others	54,229	-	42,790	-	97,019
	<u>88,535,246</u>	<u>10,618,123</u>	<u>5,374,765</u>	<u>3,089,322</u>	<u>107,617,456</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

6. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers for the six months ended 30 June 2023 and 2022: (continued)

	For the six months ended 30 June 2023 (unaudited)				
	Coal <i>RMB'000</i>	Coal- Chemical Products <i>RMB'000</i>	Mining machinery <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Provision of services recognised					
Agency services	25,954	–	28,324	1,169	55,447
Railway services	5,695	–	–	213,100	218,795
Others	36,345	46,072	96,458	253,825	432,700
	<u>67,994</u>	<u>46,072</u>	<u>124,782</u>	<u>468,094</u>	<u>706,942</u>
Revenue from contracts with customers	<u>88,603,240</u>	<u>10,664,195</u>	<u>5,499,547</u>	<u>3,557,416</u>	<u>108,324,398</u>
Analysed by geographical markets					
Domestic markets	88,084,635	10,664,195	5,150,478	3,557,416	107,456,724
Overseas markets	518,605	–	349,069	–	867,674
	<u>88,603,240</u>	<u>10,664,195</u>	<u>5,499,547</u>	<u>3,557,416</u>	<u>108,324,398</u>
	For the six months ended 30 June 2022 (unaudited)				
	Coal <i>RMB'000</i>	Coal- Chemical Products <i>RMB'000</i>	Mining machinery <i>RMB'000</i>	Others <i>RMB'000</i>	Total <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 2023

6. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers for the six months ended 30 June 2023 and 2022: (continued)

	For the six months ended 30 June 2022 (unaudited)				
	Coal <i>RMB'000</i>	Coal- Chemical Products <i>RMB'000</i>	Mining machinery <i>RMB'000</i>	Others <i>RMB'000</i>	Total <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>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

6. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers for the six months ended 30 June 2023 and 2022: (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 2023 (unaudited)			
	Segment revenue RMB'000	Eliminations RMB'000	Less: rental and interest income RMB'000	Consolidated RMB'000
Coal	93,523,044	(4,832,077)	(87,727)	88,603,240
Coal-chemical products	11,224,675	(559,518)	(962)	10,664,195
Mining machinery	6,139,066	(626,176)	(13,343)	5,499,547
Finance	1,167,205	(239,154)	(928,051)	–
Others	4,031,627	(471,966)	(2,245)	3,557,416
Total	116,085,617	(6,728,891)	(1,032,328)	108,324,398
	For the six months ended 30 June 2022 (unaudited)			
	Segment revenue RMB'000	Eliminations RMB'000	Less: rental and interest income RMB'000	Consolidated RMB'000
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

(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 2023

6. 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.

7. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Impairment (losses)/reversal of:		
– mining rights, intangible assets, and land use rights	–	(433,386)
– property, plant and equipment, net	(15,761)	(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	(2,323)	3,474
– investments in a subsidiary	–	3,490
Government grants	130,562	111,138
Others	584	(17,828)
	113,062	(1,790,521)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Impairment loss/(recognised) reversed on:		
– Trade receivables	(22,182)	(16,376)
– Other receivables	(439)	(6,806)
– Contract assets	(6,528)	(7,035)
– Loans to the Parent Company and fellow subsidiaries	(14,744)	18,626
– Debt instruments at FVTOCI	6,175	452
– Other	250	770
	<u>(37,468)</u>	<u>(10,369)</u>

9. 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation	4,837,234	4,732,293
Amortisation	833,523	472,826
Materials used and goods traded	60,495,735	66,200,285
Transportation costs and port expenses	5,504,323	5,317,233
Sales tax and surcharges	3,608,459	3,613,622
Auditors' remuneration	1,200	15,668
Repairs and maintenance	1,181,207	1,230,253
Lease expenses under recognition exemption	55,690	47,693
Employee benefits expenses (including directors' emoluments)	5,836,435	5,334,894
Provision for impairment of inventories	1,572	14,117
Other expenses	6,370,296	5,388,507
	<u>88,725,674</u>	<u>92,367,391</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 2023

10. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income on bank deposits	20,888	24,957
– Interest income on loans receivable	14,926	99
	<u>35,814</u>	<u>25,056</u>
Total finance income	<u>35,814</u>	<u>25,056</u>
Interest expenses:		
– Borrowings	1,181,432	1,470,235
– Bonds payable	287,595	531,580
– Unwinding of discount	160,579	180,119
– Lease liabilities	9,594	10,966
Other incidental bank charges	6,858	5,693
Net foreign exchange gains	(899)	(13,219)
	<u>(36,108)</u>	<u>(124,334)</u>
Less: Amounts capitalised on qualifying assets (<i>Note</i>)	<u>(36,108)</u>	<u>(124,334)</u>
Total finance costs	<u>1,609,051</u>	<u>2,061,040</u>
Finance costs, net	<u>(1,573,237)</u>	<u>(2,035,984)</u>

Note:

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Capitalisation rates used to determine the amount of finance costs eligible for capitalisation	<u>3.53%-4.73%</u>	<u>3.45%-4.89%</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

11. 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	
	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Current income taxes:		
– PRC corporate income taxes	4,484,876	5,516,199
Deferred income taxes	(7,039)	(330,364)
Total tax charge for the period	<u>4,477,837</u>	<u>5,185,835</u>

12. DIVIDENDS

During the current interim period, a final dividend of RMB0.413 per share in respect of the year ended 31 December 2022 (six month ended 30 June 2022 (Unaudited): RMB0.301 per share in respect of the year ended 31 December 2021), comprising that 13,258,663,400 shares existed as at 31 December 2022, was approved at the annual general meeting of the Company held on 13 June 2023. The aggregate amount of the final dividend attributable to the equity holders of the Company approved in the current interim period amounted to RMB5,475,828,000 (2021 final dividend approved during the six months ended 30 June 2022(Unaudited): RMB3,990,858,000).

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2022 (Unaudited): Nil).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

13. 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	
	2023	2022
	<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>12,731,596</u>	<u>14,528,913</u>
	Six months ended 30 June	
	2023	2022
	(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 2023 and 2022 as the Group had no dilutive potential ordinary shares in issue during those periods.

14. PROPERTY, PLANT AND EQUIPMENT

	30 June	30 June
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Opening net book amount	126,445,836	129,208,630
Additions	3,499,775	3,698,064
Transfer to mining rights and intangible assets	(698,514)	(50,693)
Transfer from/(to) land use rights	12,535	(18,184)
Disposals	(30,141)	(57,584)
Depreciation charges	(4,811,857)	(4,719,998)
Impairment	(15,761)	(1,398,359)
	<u>124,401,873</u>	<u>126,661,876</u>
Closing net book amount	<u>124,401,873</u>	<u>126,661,876</u>

Note:

Borrowings are secured by certain property, plant and equipment with an aggregate net book amount of RMB1,057,688,000 (31 December 2022 (Audited): RMB1,130,725,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

15. MINING RIGHTS

	30 June 2023 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)
Opening net book amount	39,484,920	43,070,151
Additions	2,291,078	307,276
Transferred from property, plant and equipment	691,417	40,516
Amortisation charges	(642,982)	(287,948)
Impairment	–	(363,838)
	<u>41,824,433</u>	<u>42,766,157</u>

16. INTANGIBLE ASSETS

	30 June 2023 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)
Opening net book amount	1,895,222	1,924,916
Additions	30,528	34,169
Transferred from construction in progress under property, plant and equipment	7,097	10,177
Other adjustment	(6,557)	–
Amortisation charges	(72,669)	(73,616)
Impairment	–	(10,654)
	<u>1,853,621</u>	<u>1,884,992</u>

17. LAND USE RIGHTS

	30 June 2023 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)
Opening net book amount	6,788,002	6,385,064
Additions	20,108	351,710
Transferred (to)/from property, plant and equipment	(12,535)	18,184
Disposal	–	(182)
Amortisation charges	(86,643)	(77,300)
Impairment	–	(58,894)
	<u>6,708,932</u>	<u>6,618,582</u>

Note:

Bank borrowings are secured by certain land use rights with an aggregate net book amount of RMB36,679,000 (31 December 2022 (Audited): RMB40,366,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

18. OTHER NON-CURRENT ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Loans to the Parent Company and fellow subsidiaries (<i>Note (a)</i>)	4,894,203	2,948,548
Prepayments for mining rights (<i>Note (b)</i>)	1,441,759	1,015,000
Prepayments for land use rights (<i>Note (b)</i>)	490,849	409,835
Deductible value-added tax	138,861	84,454
Prepayments for construction in progress and equipment	32,397	54,731
Prepayments for long – term investments (<i>Note (c)</i>)	22,000	22,000
Entrusted loans (<i>Note (d)</i>)	4,435	4,435
Others	273,007	306,677
	<hr/>	<hr/>
Total	7,297,511	4,845,680
	<hr/> <hr/>	<hr/> <hr/>

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 2.85% to 4.55% (31 December 2022: ranging from 2.85% to 4.93%) per annum.

Included in the carrying amount of the loans to the Parent company and fellow subsidiaries as at 30 June 2023 is an allowance for credit losses of RMB87,655,000 (31 December 2022: RMB60,230,000).

- (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 at 30 June 2023, the prepayments for long – term investments amounted to RMB22,000,000 arising from the acquisition agreement. As the legal procedures required for the completion of the transaction are still in process, such payments are recorded as prepayments for long – term investments.
- (d) As at 30 June 2023, the entrusted loans are bank loans entrusted by the Company to Zhongtian Synergetic Energy Company Limited (“Zhongtian Synergetic”), an associate of the Group in 2020, which are repayable in full in 2025 bearing interest at 4.75% per annum.

19. INVENTORIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Coal	2,075,006	1,291,898
Machinery for sale	4,669,398	4,654,220
Coal-chemical products	454,455	866,723
Auxiliary materials, spare parts and tools	2,881,818	2,537,185
	<hr/>	<hr/>
	10,080,677	9,350,026
	<hr/> <hr/>	<hr/> <hr/>

The provisions for impairment of inventories of the Group amounted to RMB641,369,000 as at 30 June 2023 (31 December 2022 (Audited): RMB650,123,000).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

20. TRADE RECEIVABLES AND NOTES RECEIVABLES, 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables (<i>Notes (a), (b), (c) and (d)</i>)	10,051,969	8,239,265
Notes receivables (<i>Notes (f)</i>)	558,404	508,118
	<u>10,610,373</u>	<u>8,747,383</u>
Debt instruments at FVTOCI (<i>Notes (e) and (f)</i>)	<u>4,430,023</u>	<u>5,881,285</u>

Note:

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within six months	7,238,171	6,330,707
Six months to one year	1,776,539	764,323
One year to two years	524,670	773,611
two years to three years	413,874	310,640
Over three years	880,054	819,141
Trade receivables, gross	10,833,308	8,998,422
Less: Allowance for credit losses	(781,339)	(759,157)
Trade receivables, net	<u>10,051,969</u>	<u>8,239,265</u>

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
RMB	9,978,712	8,210,225
US Dollar (“USD”)	73,257	29,040
	<u>10,051,969</u>	<u>8,239,265</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

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

Note: (continued)

- (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 RMB1,731,588,000 (31 December 2022(Audited): RMB1,839,943,000). As at 30 June 2023, trade receivables amounted to RMB113,637,000 (31 December 2022(Audited): RMB177,324,000) relating to the contractual right realized.
- (e) Debt instruments at FVTOCI are notes receivables which were considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivables are principally bank-accepted notes with maturity of less than one year (31 December 2022 (Audited): less than one year).

As at 30 June 2023, debt instruments at FVTOCI of RMB44,971,000 (31 December 2022 (Audited): RMB202,163,000) were pledged to banks for issuing notes payables amounting to RMB45,000,000 (31 December 2022(Audited): RMB162,163,000).

- (f) Transfers of financial assets

As at 30 June 2023, notes receivables of RMB510,402,000 (31 December 2022(Audited): RMB388,960,000) 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 receivables.

As at 30 June 2023, the Group endorsed and discounted notes receivables of RMB2,663,407,000 (31 December 2022(Audited): RMB4,439,883,000) and such notes receivables were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivables have a right of recourse against the Group if the issuing banks default on payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of the ownership relating to these notes receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated trade payables. The maximum exposure to loss for the Group’s continuing involvement, if any, in the endorsed and discounted notes receivables will be their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group’s continuing involvement in the derecognised notes receivables are not significant.

21. CONTRACT ASSETS

	30 June 2023 RMB’000 (Unaudited)	31 December 2022 RMB’000 (Audited)
Coal mining machinery-current	<u>2,114,860</u>	<u>1,972,141</u>

The provision for impairment of contract assets of the Group amounted to RMB23,216,000 as at 30 June 2023 (31 December 2022 (Audited): RMB16,688,000).

The contract assets primarily relate to the Group’s right to consideration for mining machinery delivered but not billed because the rights are conditional mainly on expiration of guarantee period 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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

22. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Advances to suppliers	2,690,122	2,485,363
Other prepayments	4,349	10,909
Dividends receivable	623,224	113,624
Loans to the Parent Company and fellow subsidiaries (<i>Note (a)</i>)	293,882	1,025,197
Value-added tax related to contract assets	200,151	167,158
Deductible value-added tax and others	726,478	614,091
Other amounts due from related parties, gross (<i>Note (b)</i>)	1,209,274	1,087,216
Other amounts due from third parties, gross	2,059,411	1,882,848
	<u>7,806,891</u>	<u>7,386,406</u>
Less: Allowance for credit losses (<i>Note (c)</i>)	(439,477)	(451,719)
	<u>7,367,414</u>	<u>6,934,687</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 2.95% to 4.78% (31 December 2022 (Audited): ranging from 2.95% to 4.93%) 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.

23. 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, etc.

24. TRADE AND NOTES PAYABLES

	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Trade payables (<i>Note</i>)	24,031,030	23,319,776
Notes payables	1,769,375	2,101,078
	<u>25,800,405</u>	<u>25,420,854</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

24. 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 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Less than 1 year	20,838,881	20,235,004
1 – 2 years	1,452,061	1,234,426
2 – 3 years	512,336	612,110
Over 3 years	1,227,752	1,238,236
	<u>24,031,030</u>	<u>23,319,776</u>

25. ACCRUALS, ADVANCES AND OTHER PAYABLES

	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
Payables for acquisition of subsidiaries	602,866	602,866
Payables for compensation for local mining companies	13,378	43,116
Dividends payable	7,129,589	2,175,857
Payables for site restoration	132,289	137,645
Mineral and water resource compensation payable	118,711	247,470
Payables for salaries and staff welfare	4,609,719	5,087,986
Interest payable	33,108	32,801
Commission payable (Note 27)	14,833	13,333
Payables for mining rights	126,987	181,569
Payables for the transfers of mining rights	293,016	179,476
Advance from a non-controlling interest of a subsidiary	91,089	89,419
Contractor's deposits	869,433	932,152
Deposits from the Parent Company and fellow subsidiaries (Note (a))	23,935,199	21,981,286
Other amounts due to related parties (Note (b))	771,104	668,948
Other amounts due to third parties	2,980,001	2,655,028
Other tax payable	1,734,726	2,256,977
	<u>43,456,048</u>	<u>37,285,929</u>

(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 2.85% (31 December 2022(Audited): 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 2023

26. BORROWINGS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	165,000	172,098
– Unsecured	<u>60,400</u>	<u>109,292</u>
	<u>225,400</u>	<u>281,390</u>

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB319,232,000 (31 December 2022(Audited):RMB271,950,000) and land use right for the carrying value of RMB3,651,000(31 December 2022(Audited):RMB3,708,000).

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	677,800	750,532
– Pledged loan	1,731,588	1,839,943
– Unsecured	<u>61,932,021</u>	<u>66,435,975</u>
	64,341,409	69,026,450
Loans from non-controlling interests		
– Unsecured	<u>441,932</u>	<u>1,450,900</u>
Loans from the Parent Company		
– Unsecured	<u>405,725</u>	<u>748,065</u>
	<u>65,189,066</u>	<u>71,225,415</u>
Less: Amount due within one year under current liabilities	<u>(21,464,731)</u>	<u>(30,891,551)</u>
Non-current portion	<u>43,724,335</u>	<u>40,333,864</u>
Total short-term and long-term borrowings	<u>65,414,466</u>	<u>71,506,805</u>

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

26. BORROWINGS (CONTINUED)

Bank borrowings are secured by property, plant and equipment for the carrying value of RMB738,456,000 (31 December 2022(Audited):RMB858,775,000),by certain land use rights with an aggregate net book amount of RMB33,028,000 (31 December 2022(Audited): RMB36,658,000) and pledged on trade receivables for the carrying value of RMB113,637,000(original value of RMB113,750,000) (31 December 2022(Audited): RMB177,324,000(original value of RMB177,502,000)).

27. LONG-TERM BONDS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Bonds payable:		
– medium-term notes	10,027,870	9,966,534
– corporate bonds	4,081,317	4,560,498
Commission payable	14,833	25,334
	14,124,020	14,552,366
Less: current portion of bonds payable	1,129,141	1,561,811
current portion of commission payable (<i>Note 25</i>)	14,833	13,333
Non-current portion	12,980,046	12,977,222

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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

28. 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 2023 (Unaudited)

	Deferred income tax assets RMB'000	Deferred income tax liabilities RMB'000	Total RMB'000
Opening balance (Restated)	4,398,366	(6,459,205)	(2,060,839)
(Charged)/Credited to profit or loss	(10,478)	17,518	7,040
Charged to other comprehensive income	(829)	(45,285)	(46,114)
	<u>4,387,059</u>	<u>(6,486,972)</u>	<u>(2,099,913)</u>
Closing balance (Unaudited)			
Offset amount	<u>(2,338,199)</u>	<u>2,338,199</u>	
	<u><u>2,048,860</u></u>	<u><u>(4,148,773)</u></u>	

For the six months ended 30 June 2022 (Unaudited)(Restated)

	Deferred income tax assets RMB'000	Deferred income tax liabilities RMB'000	Total RMB'000
Opening balance (Restated)	4,056,731	(7,188,706)	(3,131,975)
Credited/(Charged) to profit or loss	422,935	(92,571)	330,364
Credited/(Charged) to other comprehensive income	4,627	(12,939)	(8,312)
	<u>4,484,293</u>	<u>(7,294,216)</u>	<u>(2,809,923)</u>
Closing balance (Unaudited)			
Offset amount	<u>(1,823,483)</u>	<u>1,823,483</u>	
	<u><u>2,660,810</u></u>	<u><u>(5,470,733)</u></u>	

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

29. PROVISION FOR CLOSEDOWN, RESTORATION AND ENVIRONMENTAL COSTS

	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Opening balance	5,179,935	3,650,759
Interest charge on unwinding of discounts	80,219	80,847
Provisions	110,817	1,389,633
Payments	<u>(109,728)</u>	<u>(96,306)</u>
Closing balance	5,261,243	5,024,933
Less: current portion	<u>(87,056)</u>	<u>(40,361)</u>
Non-current portion	<u><u>5,174,187</u></u>	<u><u>4,984,572</u></u>

30. SHARE CAPITAL

	Number of Shares (thousands)	Share capital RMB'000
At 1 January 2022, 31 December 2022 and 30 June 2023:		
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	<u>3,974,312</u>	<u>3,974,312</u>
	<u><u>13,258,663</u></u>	<u><u>13,258,663</u></u>

There is no movement in the Company's issued share capital during the six months ended 30 June 2023 and 2022.

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

As at 30 June 2023 and 31 December 2022, 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 2023

31. CASH GENERATED

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before income tax	21,192,436	24,990,917
Adjustments for:		
Depreciation charges	4,837,234	4,732,293
Amortisations charges	833,523	472,826
Impairment losses under expected credit loss model, net of reversal	37,468	10,369
Reversal of provision for impairment of prepayments	–	(6,021)
Provision for impairment of inventories	1,572	14,117
Provision for impairment of property, plant and equipment	15,761	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
Loss/(gain) on disposal of property, plant and equipment, net	2,323	(3,474)
Share of profits of associates and joint ventures	(2,059,027)	(3,156,454)
Net foreign exchange gains	(899)	(13,219)
Dividend income	(215)	–
Interest income on term deposits with initial terms of over three months and loans receivable	(14,926)	(15,669)
Interest expense	1,603,092	2,068,566
Gains on disposal of investments	–	(3,491)
Operating cash flows before movements in working capital	26,448,342	30,987,576
Changes in working capital:		
Increase in inventories	(850,928)	(568,511)
Increase in trade receivables and debt instruments at FVTOCI	(1,312,231)	(4,197,960)
Increase in contract assets	(149,247)	(243,153)
Increase in prepayments and other receivables	(402,743)	(1,096,672)
Increase in trade and notes payables	836,960	482,985
Increase in accruals, advances and other payables	1,067,374	3,407,064
Increase in restricted bank deposits	(776,046)	(2,364,634)
Decrease in contract liabilities	(2,104,119)	(1,054,351)
Cash generated from operations	22,757,362	25,352,344

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

32. 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Property, plant and equipment	2,537,778	4,603,830
Mining rights	235,000	235,000
Technical know-how	20,117	9,391
	<u>2,792,895</u>	<u>4,848,221</u>

(b) Investment commitments

According to the agreement entered into on 15 July 2006, Zhongtian Synergetic was established by the Company, China Petroleum & Chemical Corporation and the other two independent parties. As a 38.75% shareholder, the Company has invested RMB6,787 million in Zhongtian Synergetic as at 30 June 2023 and is committed to a further investment of RMB481 million by instalments in the future.

According to the agreement entered into on October 2014, Shaanxi Jingshen Railway Company Limited (“Jingshen Railway”) was established by the subsidiary of the Company, China Coal Shaanxi Yulin Energy & Chemical (“Shaanxi Yulin”), Shanxi Coal and Chemical Industry Group Co., Ltd., Shaanxi Yulin Coal Distribution Co., Ltd. and a number of other independent parties. As a 4% shareholder, Shaanxi Yulin has invested RMB215 million in Jingshen Railway as at 30 June 2023 and is committed to a further investment of 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, invested RMB1 billion as a limited partner to subscribe for the fund shares of Shuozhou Huashuo Jinshi Energy Industry Transformation Master Fund Partnership (limited partnership) (“Partnership”). Pingshuo Group has invested RMB200 million in Partnership as at 30 June 2023 and is committed to investing the remaining subscribed capital of RMB800 million during the investment period of the Partnership.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

33. CONTINGENT LIABILITIES

In 2009, the Company acquired the entire interests in Yihua Mining and Mengda Mining in the open market and since then they become the wholly-owned subsidiaries. During the years 2010 and 2011, the Company made a number of acquisitions in Yinhe Hongtai in the open market and then it becomes a subsidiary.

In 2021, Wushengqi State-owned Assets Investment and Management Co., LTD. (“Wushengqi”) launched claims to Yihua Mining, Mengda Mining and Yinhe Hongtai, for (1) the contracts entered into 25 December, 2008 for the transfer of mining rights in Mudu Chaideng Coal Mine to Yihua Mining, (2) the contract entered into on 25 December 2008 for the transfer of mining rights in No. 2 Coal Mine in Nalinhe Mine Area to Mengda Mining; and (3) the contract entered on 26 July, 2007 for the transfer of relevant mining right to Yinhe Hongtai. Wushengqi claimed that these contracts were invalid as these transfer of mining rights violated the relevant rules and regulations of the Inner Mongolia Autonomous Region while they were determined below the required minimum transfer price for high-quality thermal coal. The Company has been sued for the differences between the required minimum prices and the actual transfer considerations paid by the then-existing owners of these entities.

In mid-January 2022, Ordos Intermediate People’s Court made the first instance judgment on three cases, and ordered Yihua Mining, Mengda Mining and Yinhe Hongtai to pay for the under-paid transfer prices of RMB1.454 billion, RMB2.224 billion and RMB1.623 billion, respectively. Yihua Mining, Mengda Mining and Yinhe Hongtai have appealed to the Higher People’s Court of The Inner Mongolia Autonomous Region against the verdict of the first instance.

On 22 December, 2022, the Higher People’s Court of The Inner Mongolia Autonomous Region revoked the No.299 (2020) NeiMinchu Civil Judgment of the Ordos Intermediate People’s Court and remanded the judgement to the Ordos Intermediate People’s Court for retrial.

In March 2023, Ordos Intermediate People’s Court held another trial and made the first instance judgment on three cases in May 2023, ruling that Yihua Mining, Mengda Mining, and Yinhe Hongtai to pay for the under-paid transfer prices of RMB1.454 billion, RMB2.223 billion, and RMB1.623 billion, respectively.

In June 2023, the company appealed to the Higher People’s Court of Inner Mongolia Autonomous Region. The appeal is on going as of the report date. The Company will continue to monitor the latest developments in these litigations to assess the possible implications.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions and balances with the related parties

Set out below is a summary of significant related party transactions for the period ended 30 June 2023 and 2022.

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries

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

	Six months ended 30 June	
	2023	2022
	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	2,522,159	2,475,234
Charges for social and supporting services provided by the Parent Company and fellow subsidiaries	33,668	38,043
Sales of coal, production material, machinery and equipment to the Parent Company and fellow subsidiaries	4,639,606	1,953,057
Agency fees for coal export and sales to the Parent Company	2,053	–
Mine Construction, Design and General Contracting Services (Note (ii))		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	1,113,451	1,394,887
Property Leasing (Notes (iii) and Notes (iv))		
Property leasing expenses to the Parent Company and fellow subsidiaries	30,910	40,887

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Coal Supplies (Note (v))		
Coal purchased from the Parent Company and fellow subsidiaries	4,155,060	3,216,462
Financial services (Note (vi))		
Loans granted to the Parent Company and fellow subsidiaries	2,270,491	654,000
Loans repayment received from the Parent Company and fellow subsidiaries	1,028,410	1,845,341
Deposits received from the Parent Company and fellow subsidiaries	(560,085)	130,139
Interest paid or payable to the Parent Company and fellow subsidiaries	141,012	110,331
Interest received or receivable from the Parent Company and fellow subsidiaries	77,024	69,168
Charges for providing entrusted loans	–	547
Interest paid or payable arising from entrusted loans entrusted by the Parent Company	9,161	–
Fee paid for use of trademark (Note (vii))	RMB1	RMB1
Sales of assets	–	135,678
Transactions with associates of the Group:		
Sales and services provided		
Sales of machinery and equipment	82,879	181,692
Railway rental income	72,614	96,917
Sales of coal	1,711,091	1,514,327
Income from providing labour services	4,964	3,878
Sales of production material and ancillary services	1,726	3,757

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Purchases of goods and services		
Purchases of coal	1,901,182	2,272,856
Purchases of materials and spare parts	30,750	38,642
Transportation services and port purchased	1,237,169	942,800
Receiving railway custody service	198,724	272,611
Transactions with Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries		
Income from providing production materials and auxiliary services	1,307	1,638
Sales of machinery and equipment	14,795	–
Purchases of coal	5,089,570	6,023,553
Deposits increased/(decreased)	2,481,160	(29,051)
Interest paid	16,344	954
Financial services		
Interest income	15,022	99
Transactions with a substantial shareholder of a significant subsidiary:		
Sales and services provided (Note (viii))		
Sales of coal	717,732	713,038

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Commitments to the Parent Company and fellow subsidiaries:		
With the Parent Company and fellow subsidiaries		
– Purchases of services	337,721	2,844,918
– Purchases of goods	82,970	316,085
Total	420,691	3,161,003
Loan guarantees to associates and joint ventures of the Group:		
– Associates	1,137,386	1,248,639

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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

Notes: (continued)

- (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 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the 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 2023 and 2022, 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 2023

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the related parties (continued)

(c) *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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Key management compensation		
Salary allowances and other benefits		
– Directors and supervisors	2,563	1,081
– Other key management	1,261	1,017
	<u>3,824</u>	<u>2,098</u>
Pension costs – defined contribution plans		
– Directors and supervisors	195	172
– Other key management	205	166
	<u>400</u>	<u>338</u>
	<u>4,224</u>	<u>2,436</u>

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group had no significant events after the reporting period required to be disclosed.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

36.1 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 2022.

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

36.2 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 2023

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

36.2 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)		
Listed equity instruments at FVTOCI	4,960	5,598	Level 1	Quoted bid prices in an active market
Debt instruments at FVTOCI	4,430,023	5,881,285	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	3,579,225	3,405,340	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 2023

36. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Fair value estimation (continued)

Reconciliation of Level 3 fair value measurements of financial assets

Unlisted equity instruments at FVTOCI

	30 June 2023	30 June 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening balance	3,405,340	2,395,546
Disposals	(10,070)	–
Fair value change recognised in other comprehensive income	183,955	161,928
Closing balance	3,579,225	2,557,474

Included in other comprehensive income is a gain of RMB183,885,000 (six months ended 30 June 2022 (unaudited): a gain of RMB161,928,000) 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”.

36.3 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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 2023	31 December 2022	30 June 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Long-term borrowings (Level 2)	43,724,335	40,333,864	43,702,821	40,305,256
Long-term bonds (including amounts due within one year) (Level 1)	14,109,187	14,176,881	14,324,036	14,247,942

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.

37. 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 24 August 2023.

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, Shanghai Securities Journal, Securities Times, 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 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
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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
Pingshuo Group	China Coal Pingshuo Group Company Limited
China Coal Huajin Company	China Coal Huajin Energy Group Limited
Resources Development Company	China Coal Resources Development Group Company Limited, formerly known as China Coal Import and Export Company
Mengda Mining	Wushenqi Mengda Mining Company Limited
Finance Company	China Coal Finance Co., Ltd.
Northwest Energy Company	China Coal Northwest Energy Chemical Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Zhongtian Hechuang Company	Zhongtian Hechuang Energy Co., Ltd.
Yihua Mining	Ordos Yihua Mining Resources Company Limited
Yinhe Hongtai Company	Ordos Yinhe Hongtai Coal Power 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
East Open Pit Mine	East Open Mine of China Coal Pingshuo Group
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited

Definitions

Wangjialing Coal Mine	Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited
Anjialing Coal Mine	East Open Pit Mine of China Coal Pingshuo Group Company Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
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
Shaanxi Yulin’s coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin	China Coal Shaanxi Yulin Energy Chemical Co., Ltd. Coal Chemical Industry Phase II Project with an annual output of 900,000 tons of polyolefin
Liquid Sunlight	it is the synthesis of liquid sun fuel, which is the production of hydrogen by using solar energy and other renewable energy to electrolyte, and hydrogen reaction with carbon dioxide to produce green methanol
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

Definitions

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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