

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA COAL ENERGY COMPANY LIMITED*

中國中煤能源股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01898)

FIRST QUARTERLY REPORT 2022

Pursuant to the regulations and rules of China Securities Regulatory Commission and Shanghai Stock Exchange (“SSE”), China Coal Energy Company Limited (the “Company” or “China Coal Energy”, together with its subsidiaries, collectively the “Group”) is required to publish reports on a quarterly basis.

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This announcement is a summary of the 2022 first quarterly financial report of the Company for the three months ended 31 March 2022. The full text of the quarterly financial report will be available on the website of The Stock Exchange of Hong Kong Limited (the “HKSE”) on 27 April 2022. The full text of the quarterly financial report is in Chinese only.

IMPORTANT NOTICE

- (1) The board of directors and the supervisory committee of the Company together with the directors, supervisors and the senior management thereof guarantee that the content of this quarterly report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for the content of this report.
- (2) The person-in-charge of the Company, the person-in-charge of accounting affairs and the person responsible for the accounting department (head of the accounting department) guarantee that the financial statements set out in this quarterly report are true, accurate and complete.
- (3) Whether the first quarterly financial statements is audited or not.

Yes No

I. MAJOR FINANCIAL DATA

(I) Major Accounting Data and Financial Indicators

Unit: RMB' 000

Items	The reporting period	The corresponding period of the previous year		Increase/decrease in the reporting period as compared to the corresponding period of the previous year (%)
		Before adjustment	After adjustment	After adjustment
Operational revenue	61,729,684	44,442,528	46,235,922	33.5
Net profit attributable to shareholders of the listed company	6,792,681	3,509,206	3,516,799	93.1
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses	6,775,438	3,478,859	3,477,378	94.8
Net cash flows generated from operating activities	9,969,791	5,835,827	6,129,242	62.7
Basic earnings per share (RMB per share)	0.51	0.26	0.27	88.9
Diluted earnings per share (RMB per share)	0.51	0.26	0.27	88.9
Weighted average return on net assets (%)	5.76	3.41	3.41	Increased by 2.35 percentage points
	As at the end of the reporting period	As at the end of the previous year		Increase/decrease at the end of the reporting period as compared to the end of the previous year (%)
		Before adjustment	After adjustment	After adjustment
Total assets	338,020,879	321,738,497	322,766,094	4.7
Owners' equity attributable to shareholders of the listed company	121,629,753	113,786,250	114,225,228	6.5

Note: "The reporting period" refers to the three-month period from the beginning of the quarter to the end of the quarter, the same below.

Explanation of the reasons for retrospective adjustment or restatement

1. For business combination under common control of the Company, the Company has retrospectively adjusted the figures for the corresponding period of the previous year and as at the end of the previous year in accordance with the relevant requirements of the accounting standards;
2. According to the requirement of “Accounting Treatment for the Sale of Products or By-Products Produced by the Enterprise Before Fixed Assets Reaching Intended Use or in the Course of Research and Development (關於企業將固定資產達到預定可使用狀態前或者研發過程中產出的產品或副產品對外銷售的會計處理)” in the Interpretation No.15 of the Accounting Standards for Business Enterprises (《企業會計準則解釋第15號》) issued by the Ministry of Finance on 30 December 2021, the Company has retrospectively adjusted the figures for the corresponding period of previous year and as at the end of previous year.

(II) Non-recurring gains or losses and relevant amounts

Unit: RMB' 000

Items	Amount for the reporting period	Explanations
Profit or loss on disposal of non-current assets	3,553	—
Government grants included in profit or loss for the current period, excluding those closely related to the Company's ordinary business and granted on an ongoing basis in fixed amount or volume according to certain principles under national policies	40,532	—
Gain or loss from external entrusted loans	49	—
Other non-operating income and expenses apart from the foregoing	-19,523	—
Less: Effect of income tax	4,991	—
Impact on minority shareholders' interests (after tax)	2,377	—
Total	17,243	—

Explanation for determination of the non-recurring profit or loss items defined in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public-Extraordinary Profit and Loss as recurring items is as below:

Applicable Not applicable

(III) Major production and operational data*Unit: RMB*

Items	Unit	January to March 2022	January to March 2021 (Restated)	Percentage change %
I. Coal operations				
1. Production volume of commercial coal	10,000 tonnes	3,049	2,872	6.2
Of which: Thermal coal	10,000 tonnes	2,721	2,553	6.6
Coking coal	10,000 tonnes	328	319	2.8
2. Sales volume of commercial coal	10,000 tonnes	6,957	7,671	-9.3
(1) Sales volume of self-produced coal	10,000 tonnes	3,081	2,871	7.3
Of which: external sales volume	10,000 tonnes	2,841	2,696	5.4
(2) Sales volume of proprietary coal trading	10,000 tonnes	3,720	4,496	-17.3
Of which: external sales volume	10,000 tonnes	3,525	4,227	-16.6
(3) Agency sales of coal	10,000 tonnes	156	304	-48.7
II. Coal chemical operations				
(I) Polyolefin				
1. Polyethylene production volume	10,000 tonnes	18.2	20.2	-9.9
Sales volume	10,000 tonnes	16.4	19.5	-15.9
2. Polypropylene production volume	10,000 tonnes	18.7	19.5	-4.1
Sales volume	10,000 tonnes	16.5	19.1	-13.6
(II) Urea				
1. Production volume	10,000 tonnes	47.7	53.8	-11.3
2. Sales volume	10,000 tonnes	59.8	63.7	-6.1
(III) Methanol				
1. Production volume	10,000 tonnes	50.5	24.2	108.7
2. Sales volume	10,000 tonnes	49.3	24.3	102.9
Of which: external sales volume	10,000 tonnes	9.4	4.5	108.9
III. Coal mining equipment operations				
1. Output value of coal mining equipment	RMB100 million	26.0	21.8	19.3

(IV) Major differences arising from the adoption of different accounting standards in preparing the financial statements

Unit: RMB' 000

	Net profit attributable to shareholders of the listed company		Net assets attributable to shareholders of the listed company	
	January to March 2022	January to March 2021 (Restated)	31 March 2022	31 December 2021 (Restated)
According to PRC GAAP	6,792,681	3,516,799	121,629,753	114,225,228
Items and amounts adjusted according to IAS:				
(a) Adjustment to special funds and deferred tax of the coal industry	615,491	521,702	-88,682	-62,332
(b) Adjustment to floating of non-tradable shares under equity split	-	-	-155,259	-155,259
(c) Adjustment to government grants	927	927	-17,623	-18,550
According to IAS	7,409,099	4,039,428	121,368,189	113,989,087

Explanations on major reconciliations are as follows:

- (a) Adjustment to special reserves and relevant deferred tax: special reserves comprise maintenance fee, safety fund, coal mine transformation fund, mining environmental restoration security deposit and sustainable development reserve. Under PRC GAAP, the Company should make provisions for the special reserves which will be accounted as the production cost and contributions made to the special reserves of equity attributable to shareholders. Non-capital expenditure incurred should be directly offset against special reserves upon incurrence, while capital expenditure incurred should be recorded as fixed assets upon completion, and offset against special reserves based on the cost of the fixed assets with accumulated depreciation fully recognised. After that, no subsequent provisions for depreciation would be made to the relevant fixed assets. Under IFRS, provisions made for the special reserves should be recorded as retained earnings provision while the relevant expenditures are recognised upon incurrence and the special reserves are accordingly transferred to retained earnings.
- (b) Under PRC GAAP, the consideration paid by holders of non-tradable shares to holders of tradable shares in accordance with the reform proposal of equity split should be recorded as long-term equity investments in the balance sheet. Under IFRS, such consideration shall be recorded as interests of minority shareholders directly deducted from the equity attributable to shareholders.
- (c) Under PRC GAAP, subsidies considered as capital investment by the government should be recorded in “capital reserve”. Under IFRS, the subsidies mentioned above shall be treated as government grants.

(V) Changes of the major accounting data and financial indicators and the reasons thereof

√ Applicable □ Not applicable

Items	Percentage change (%)	Major reasons
Operating revenue-reporting period	33.5	Mainly due to the high market prices of commercial coal and coal chemical products and the great efforts of the Company in increasing production and sales to ensure energy supply, resulting in a year-on-year increase of operating revenue of the Company.
Net profit attributable to shareholders of the listed company-reporting period	93.1	Mainly due to the high market prices of commercial coal, the great efforts of the Company in increasing production and sales to ensure energy supply leading to the increase in production and sales of self-produced commercial coal and the increase in investment gain recognised in investee companies.
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses-reporting period	94.8	The same as above.
Net cash flows generated from operating activities-reporting period	62.7	Mainly due to the growth of the operating results of the Company and the further enhanced lean management of funds to reduce the occupation of working capital, enabling the Company to maintain its strong capability to generate cash.
Basic earnings per share (RMB per share) – reporting period	88.9	Mainly due to the significant year-on-year increase in the Company’s net profit attributable to shareholders of the listed company.
Diluted earnings per share (RMB per share) – reporting period	88.9	The same as above.
Weighted average return on net assets (%) – reporting period	Increased by 2.35 percentage points	Mainly due to the significant year-on-year increase in the Company’s net profit attributable to shareholders of the listed company.

(VI). Changes in Accounting Items and Analysis of Operational Status of Major Business Sectors

1. Analysis of Accounting Items with Notable Changes

Unit: RMB' 000

Items	As at 31 March 2022/ January to March 2022	As at 31 December 2021/ January to March 2021 (Restated)	Percentage change (%)	Major reasons
Account receivables	12,330,500	7,768,165	58.7	Mainly due to the significant increase in operational revenue of the Company, leading to the increase in account receivables during the settlement period.
Other current assets	1,785,015	3,350,435	-46.7	Mainly due to the increase of working capital loans to members other than China Coal Energy by China Coal Finance.
Construction under development	11,737,173	19,486,749	-39.8	Mainly due to the conversion into fixed assets of the first mining face of the Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited and Yilan Third Coal Mine of China Coal Heilongjiang Coal Chemical Company Limited, leading to a decrease of construction under development.
Tax expenses and surcharges	1,845,585	1,294,391	42.6	Mainly due to the increase in resources tax levying based on price as a result of the increase in sales volume and sales price of the self-produced coal of the Company.
Research and development expenses	133,256	81,433	63.6	Mainly due to the Company enhancing its technology and innovation, leading to the increase in research and development expenses.
Investment gain	1,265,477	828,102	52.8	Mainly due to the year-on-year increase in earnings of investee companies, leading to the corresponding increase in investment gain recognised based on the share proportion of the Company in such companies.

2. Revenue, cost and gross profit of coal operations

For the first quarter of 2022, the Company's coal operations achieved sales revenue of RMB53.612 billion, representing an increase of RMB15.113 billion or 39.3% as compared with RMB38.499 billion for the same period of last year. Among them: sales revenue of self-produced commercial coal was RMB22.404 billion, representing an increase of RMB7.783 billion or 53.2% as compared with RMB14.621 billion for the same period of last year, mainly because the sales price increased by RMB218/tonne year on year, increasing revenue by RMB6.722 billion, and the sales volume of self-produced commercial coal increased by 2.10 million tonnes year on year, increasing revenue by RMB1.061 billion. The sales revenue of proprietary coal trading was RMB31.202 billion, representing an increase of RMB7.330 billion or 30.7% as compared with the RMB23.872 billion for the same period of last year, mainly because the sales price of proprietary coal trading increased by RMB308/tonne year on year, increasing revenue by RMB11.448 billion, and the sales volume decreased by 7.76 million tonnes year on year, decreasing revenue by RMB4.118 billion.

The cost of sales of coal operations was RMB40.620 billion, representing an increase of RMB8.783 billion or 27.6%, as compared to RMB31.837 billion for the same period of last year, of which, the cost of sales of self-produced commercial coal increased by RMB1.511 billion year on year, due to the year-on-year increase of the sales volume of self-produced commercial coal of 2.10 million tonnes and the year-on-year increase of its unit cost of sales of RMB29.77/tonne; the cost of sales of proprietary coal trading increased by RMB7.272 billion year on year, due to the combined effects of the year-on-year increase of the unit cost of sales of proprietary coal trading of RMB305/tonne and the year-on-year decrease of its sales volume of 7.76 million tonnes.

In the first quarter of 2022, as the production and sales scale of self-produced commercial coal of the Company expanded and the market sales price increased significantly, the coal operations achieved a gross profit of RMB12.992 billion, representing an increase of RMB6.330 billion or 95.0%, as compared with RMB6.662 billion for the same period of last year.

3. Coal sales volume and selling prices before netting of inter-segmental sales and the year-on-year changes

Currency: RMB

Items		January to March 2022		January to March 2021 (Restated)		Year-on-year			
						Increase/decrease in amount		Increase/decrease in percentage	
		Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	3,081	727	2,871	509	210	218	7.3	42.8
	(I) Thermal coal	2,756	615	2,552	458	204	157	8.0	34.3
	1. Domestic sale	2,756	615	2,552	458	204	157	8.0	34.3
	(II) Coking coal	325	1,681	319	919	6	762	1.9	82.9
	1. Domestic sale	325	1,681	319	919	6	762	1.9	82.9
II. Proprietary coal trading	Total	3,720	839	4,496	531	-776	308	-17.3	58.0
	(I) Domestic resale	3,708	836	4,428	531	-720	305	-16.3	57.4
	(II) Self-operated exports*	8	2,040	12	1,091	-4	949	-33.3	87.0
	(III) Import trading	4	1,029	56	402	-52	627	-92.9	156.0
III. Import and export and domestic agency★	Total	156	4	304	2	-148	2	-48.7	100.0
	(I) Domestic agency	154	4	304	2	-150	2	-49.3	100.0
	(II) Export agency	2	23	☆	☆	2	-	100.0	-

* : Briquette export.

★ : Selling price is agency service fee.

☆ : N/A for the period.

Note: Sales volume of the commercial coal is before netting of inter-segmental sales within the Company which was 4.35 million tonnes in the first quarter of 2022 and 4.44 million tonnes in the first quarter of 2021.

4. The unit cost of sales of self-produced commercial coal and the year-on-year changes

Unit: RMB/tonne Currency: RMB

Items	January to March 2022	January to March 2021 (Restated)	Year-on-year	
			Increase/decrease in amount	Increase/decrease in percentage (%)
Materials costs	59.90	50.74	9.16	18.1
Staff costs	42.95	28.81	14.14	49.1
Depreciation and amortization	49.37	52.30	-2.93	-5.6
Repair expenses	15.70	10.50	5.20	49.5
Outsourced mining engineering fee	32.83	36.41	-3.58	-9.8
Transportation costs and port expenses	68.98	68.66	0.32	0.5
Other costs ★	43.32	35.86	7.46	20.8
Unit cost of sales of self-produced commercial coal	313.05	283.28	29.77	10.5

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

In the first quarter of 2022, the Company's unit cost of sales of self-produced commercial coal was RMB313.05/tonne, representing a year-on-year increase of RMB29.77/tonne or 10.5%, which was mainly attributable to the increase in the materials consumed as the Company increased its efforts to strip the open-pit mines and excavate the underground mines for enhancing the continuous production; the increase in the material costs per tonne of coal as procurement prices of diesel and electricity that are largely used in the production process increased; the year-on-year increase in staff cost per tonne of coal due to the Company's reasonable adjustments to the salaries of employees based on operating results, cashing in the special award for coal supply guarantee as well as strengthening of the establishment of its own coal production team in each mining area to gradually reduce the outsourced labor based on the policy requirements; the year-on-year decrease in relevant depreciation and amortization amounts after the provisions of the impairments on relevant coal segment assets by the Company in 2021 as well as the year-on-year decrease in depreciation and amortization costs per tonne of coal due to the dilution effect on the increase of the output of self-produced commercial coal; the year-on-year increase in maintenance expenses per tonne of coal due to the increase in daily repair and maintenance costs for long-cycle operation of production equipment at the Company's mine sites; the year-on-year decrease in outsourced mining engineering volumes based on the production organization arrangement and the aforementioned promotion of the formation of its own coal production team, as well as the year-on-year decrease in unit outsourced mining engineering fee due to the dilution effect on the increase of the output of self-produced commercial coal; the year-on-year increase in other costs such as special funds balance cost per tonne of coal due to the year-on-year decrease in the Company's special funds expenditure.

5. Sales volume and price of major coal chemical products and the year-on-year changes

Currency: RMB

Items	January to March 2022		January to March 2021		Year-on-year			
	Sales Volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease in percentage	
					Sales Volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
(I) Polyolefin	32.9	7,703	38.6	7,444	-5.7	259	-14.8	3.5
1. Polyethylene	16.4	7,878	19.5	7,321	-3.1	557	-15.9	7.6
2. Polypropylene	16.5	7,528	19.1	7,569	-2.6	-41	-13.6	-0.5
(II) Urea	59.8	2,596	63.7	1,927	-3.9	669	-6.1	34.7
(III) Methanol	49.3	1,858	24.3	1,598	25.0	260	102.9	16.3
Of which: Inter-segment self-consumption volume ◆	39.9	1,875	19.8	1,649	20.1	226	101.5	13.7
External sales	9.4	1,788	4.5	1,375	4.9	413	108.9	30.0

◆: The amount of inter-segmental self-consumption volume mainly represents the supply of methanol by Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司), China Coal Shaanxi Yulin Energy & Chemical Company Limited (中煤陝西榆林能源化工有限公司) and China Coal Ordos Energy Chemical Company Limited (中煤鄂爾多斯能源化工有限公司) to Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited (內蒙古中煤蒙大新能源化工有限公司).

6. Unit cost of sales of major coal chemical products and year-on-year changes

Unit: RMB/tonne Currency: RMB

Items	January to March 2022	January to March 2021 (Restated)	Year-on-year	
			Increase/decrease in amount	Increase/decrease in percentage (%)
(I) Polyolefin	6,635	5,836	799	13.7
1. Polyethylene	6,704	5,876	828	14.1
2. Polypropylene	6,568	5,795	773	13.3
(II) Urea	1,714	1,282	432	33.7
(III) Methanol	1,752	1,268	484	38.2

II. INFORMATION OF SHAREHOLDERS

(I) Table of the total number of shareholders of ordinary shares and shareholders of preference shares with voting rights restored and shareholding of top ten shareholders

Unit: shares

Total number of shareholders of ordinary shares at the end of the Reporting Period	128,315	Total number of shareholders of preference shares with voting rights restored at the end of the Reporting Period (if any)	-			
Particulars of top 10 shareholders						
Name of shareholders	Nature of shareholders	Number of shares held	Percentage of Shareholding held (%)	Number of shares subject to trading moratorium held	Shares pledged, marked or frozen	
					Status	Number
China National Coal Group Corporation	State-owned legal person	7,605,207,608	57.36%	-	Nil	0
HKSCC NOMINEES LIMITED	Overseas legal person	3,957,167,108	29.85%	-	Unknown	-
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	State-owned legal person	335,624,355	2.53%	-	Nil	0
China Coal Hong Kong Limited (中煤能源香港有限公司)	State-owned legal person	132,351,000	1.00%	-	Nil	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	118,082,909	0.89%	-	Nil	0
Central Huijin Asset Management Company Ltd. (中央匯金資產管理有限責任公司)	State-owned legal person	65,745,241	0.50%	-	Nil	0
Li Zewen (李澤文)	Domestic natural person	33,127,500	0.25%	-	Nil	0
Xu Kaidong (徐開東)	Domestic natural person	31,884,600	0.24%	-	Nil	0
Li Qingsheng (李清生)	Domestic natural person	22,541,414	0.17%	-	Nil	0
Hong Dong Hua Qing Coal Chemical Company Limited (洪洞華清煤焦化學有限公司)	Domestic non state-owned legal person	19,087,166	0.14%	-	Nil	0

Particulars of top 10 shareholders not subject to trading moratorium			
Name of Shareholder	Number of listed shares held not subject to trading moratorium	Type and number of Shares	
		Type	Number
China National Coal Group Corporation	7,605,207,608	Ordinary shares denominated in RMB	7,605,207,608
HKSCC NOMINEES LIMITED	3,957,167,108	Overseas listed foreign shares	3,957,167,108
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	335,624,355	Ordinary shares denominated in RMB	335,624,355
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	Overseas listed foreign shares	132,351,000
Hong Kong Securities Clearing Company Limited	118,082,909	Ordinary shares denominated in RMB	118,082,909
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	65,745,241	Ordinary shares denominated in RMB	65,745,241
Li Zewen (李澤文)	33,127,500	Ordinary shares denominated in RMB	33,127,500
Xu Kaidong (徐開東)	31,884,600	Ordinary shares denominated in RMB	31,884,600
Li Qingsheng (李清生)	22,541,414	Ordinary shares denominated in RMB	22,541,414
Hong Dong Hua Qing Coal Chemical Company Limited (洪洞華清煤焦化學有限公司)	19,087,166	Ordinary shares denominated in RMB	19,087,166
Explanations on affiliated relationship or parties acting in concert among the above-mentioned shareholders	China Coal Hong Kong Limited (中煤能源香港有限公司) is a wholly-owned subsidiary of China Coal Group (中煤集團), the controlling shareholder of the Company. It is not certain if any of the other shareholders are affiliated or acting in concert with each other.		
Details of top ten shareholders and top 10 shareholders not subject to trading moratorium participating in securities margin trading and short selling and refinancing (if any)	Nil		

Notes: The above tables of particulars of top 10 shareholders and particulars of top 10 shareholders not subject to trading moratorium are based on the followings:

- (1) The above information was prepared in accordance with the register of shareholders of the Company as at 31 March 2022 provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.
- (2) The A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of various customers.
- (3) The H shares held by HKSCC Nominees Limited are held on behalf of various customers.

As at 31 March 2022, according to the disclosure of interests published on the website of HKSE, Funde Sino Life Insurance Co., Ltd. had long positions in 2,012,858,147 H shares of the Company.

III. OTHER CAUTIONS

Other important information in relation to operating of the Company during the reporting period that investors are advised to pay attention.

Applicable Not applicable

By Order of the Board
China Coal Energy Company Limited
Wang Shudong
Chairman of the Board, Executive Director

Beijing, the PRC
27 April 2022

As at the date of this announcement, the Company's executive directors are Wang Shudong and Peng Yi; non-executive directors are Zhao Rongzhe and Xu Qian; independent non-executive directors are Zhang Ke, Zhang Chengjie, and Leung Chong Shun.

* *For identification purpose only*