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## **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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL HIGHLIGHTS:**

- Revenue of the Group in the first half of 2021 was RMB98.720 billion, representing a year-on-year increase of RMB37.327 billion (or 60.8%).
- Profit attributable to the equity holders of the Company in the first half of 2021 was RMB8.545 billion, representing a year-on-year increase of RMB6.016 billion (or 237.9%).
- Basic earnings per share during the reporting period amounted to RMB0.64, representing a year-on-year increase of RMB0.45.
- EBITDA in the first half of 2021 was RMB19.872 billion, representing a year-on-year increase of RMB7.025 billion (or 54.7%).
- The Company does not distribute interim dividends for 2021.

The Board announces the interim results of the Group for the six months ended 30 June 2021 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The Group’s interim results have not been audited, but have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu.

\* *For identification purpose only*

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>		<b>98,719,897</b>	61,393,186
<b>Cost of sales</b>			
Materials used and goods traded		(60,514,494)	(32,240,470)
Staff costs		(2,703,382)	(2,178,265)
Depreciation and amortisation		(5,148,574)	(4,704,029)
Repairs and maintenance		(1,144,857)	(895,402)
Transportation costs and port expenses		(5,363,496)	(5,668,138)
Sales taxes and surcharges		(2,507,343)	(1,700,821)
Others		(4,200,625)	(3,889,030)
		<b>(81,582,771)</b>	(51,276,155)
<b>Gross profit</b>		<b>17,137,126</b>	10,117,031
Selling expenses		(468,368)	(388,722)
General and administrative expenses		(2,186,647)	(1,901,964)
Other income		1,600	1,600
Other gains and losses, net		57,895	67,228
Impairment losses under expected credit loss model, net of reversal		(21,941)	(15,417)
<b>Profit from operations</b>		<b>14,519,665</b>	7,879,756
Finance income	4	53,828	89,404
Finance costs	4	(2,049,973)	(2,467,279)
Share of profits of associates and joint ventures		1,852,894	264,148
<b>Profit before income tax</b>		<b>14,376,414</b>	5,766,029
Income tax expense	5	(2,935,866)	(1,592,100)
<b>Profit for the period</b>		<b>11,440,548</b>	4,173,929

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income (expense):</b>		
Item that will not be reclassified to profit or loss		
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax	<u>10,235</u>	<u>(15,173)</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	(8,257)	28,130
Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss	(1,588)	(9,333)
Exchange differences arising on translation of foreign operations	<u>(16,552)</u>	<u>(96)</u>
	<u>(26,397)</u>	<u>18,701</u>
<b>Other comprehensive (expense) income for the period, net of tax</b>	<u>(16,162)</u>	<u>3,528</u>
<b>Total comprehensive income for the period</b>	<u><u>11,424,386</u></u>	<u><u>4,177,457</u></u>
<b>Profit for the period attributable to:</b>		
Equity holders of the Company	8,544,695	2,529,122
Non-controlling interests	<u>2,895,853</u>	<u>1,644,807</u>
	<u><u>11,440,548</u></u>	<u><u>4,173,929</u></u>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	8,536,227	2,527,991
Non-controlling interests	<u>2,888,159</u>	<u>1,649,466</u>
	<u><u>11,424,386</u></u>	<u><u>4,177,457</u></u>
<b>Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB)</b>	7	
	<u><u>0.64</u></u>	<u><u>0.19</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2021**

	<i>Notes</i>	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>131,522,876</b>	133,678,512
Right-of-use assets		<b>456,218</b>	376,688
Investment properties		<b>86,575</b>	88,768
Mining rights		<b>41,963,709</b>	41,876,581
Intangible assets		<b>1,535,379</b>	1,596,331
Land use rights		<b>6,337,768</b>	6,189,530
Goodwill		<b>6,084</b>	6,084
Interests in associates		<b>22,103,761</b>	20,653,583
Interests in joint ventures		<b>3,352,518</b>	3,210,569
Equity instruments at fair value through other comprehensive income		<b>2,287,311</b>	2,276,738
Deferred income tax assets		<b>2,292,034</b>	2,279,022
Long-term receivables		<b>442,874</b>	296,999
Other non-current assets		<b>5,557,981</b>	6,819,656
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>217,945,088</b>	219,349,061
<b>Current assets</b>			
Inventories		<b>7,356,191</b>	7,050,244
Trade receivables	8	<b>8,243,677</b>	7,241,095
Debt instruments at fair value through other comprehensive income		<b>4,283,028</b>	3,520,723
Contract assets		<b>1,830,260</b>	1,482,759
Prepayments and other receivables		<b>8,809,747</b>	6,981,047
Restricted bank deposits		<b>5,383,355</b>	4,551,140
Term deposits with initial terms of over three months		<b>27,656,551</b>	16,356,551
Cash and cash equivalents		<b>19,677,084</b>	15,041,195
		<hr/>	<hr/>
<b>Total current assets</b>		<b>83,239,893</b>	62,224,754
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>301,184,981</b>	281,573,815
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		<b>30 June 2021</b>	31 December 2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and notes payables	9	25,287,074	25,142,302
Contract liabilities		3,278,603	3,605,775
Accruals, advances and other payables		21,390,693	16,639,596
Taxes payables		1,793,828	714,956
Lease liabilities		69,974	37,207
Short-term borrowings		1,071,547	1,668,547
Current portion of long-term borrowings		8,484,113	15,472,354
Current portion of long-term bonds		12,975,254	5,797,259
Current portion of provision for close down, restoration and environmental costs		69,503	71,607
		<u>74,420,589</u>	<u>69,149,603</u>
<b>Total current liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		63,133,069	51,516,595
Long-term bonds		14,243,179	21,214,064
Deferred income tax liabilities		5,742,232	5,784,058
Lease liabilities		458,632	409,074
Provision		33,684	33,740
Provision for employee benefits		101,873	109,805
Provision for close down, restoration and environmental costs		3,530,018	3,197,338
Deferred revenue		1,444,501	1,472,858
Other long-term liabilities		5,217,086	5,021,082
		<u>93,904,274</u>	<u>88,758,614</u>
<b>Total non-current liabilities</b>			
<b>Total liabilities</b>			
		<u>168,324,863</u>	<u>157,908,217</u>
<b>Equity</b>			
Share capital		13,258,663	13,258,663
Reserves		47,783,289	46,917,259
Retained earnings		46,377,095	40,483,559
		<u>107,419,047</u>	<u>100,659,481</u>
Equity attributable to the equity holders of the Company		107,419,047	100,659,481
Non-controlling interests		25,441,071	23,006,117
		<u>132,860,118</u>	<u>123,665,598</u>
<b>Total equity</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<u><u>301,184,981</u></u>	<u><u>281,573,815</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

These condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 3. SEGMENTS INFORMATION

#### 3.1 General information

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

The chief operating decision maker (“CODM”) has been identified as the Management Office (經營層).

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

##### *(b) Operating and reportable segments*

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

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

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

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

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

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

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

	For the six months ended 30 June 2021 (Unaudited) and as at 30 June 2021 (Unaudited)								
	Coal	Coal-chemical products	Mining machinery	Finance	Others	Total segment	Unallocated	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>									
Total revenue	83,318,501	10,594,259	4,955,846	745,276	4,284,105	103,897,987	-	(5,178,090)	98,719,897
Inter-segment revenue	(3,728,192)	(184,495)	(525,344)	(185,395)	(554,664)	(5,178,090)	-	5,178,090	-
Revenue from external customers	<u>79,590,309</u>	<u>10,409,764</u>	<u>4,430,502</u>	<u>559,881</u>	<u>3,729,441</u>	<u>98,719,897</u>	<u>-</u>	<u>-</u>	<u>98,719,897</u>
<b>Segment results</b>									
Profit (loss) from operations	11,789,770	1,757,125	279,128	470,543	402,870	14,699,436	(183,330)	3,559	14,519,665
Profit (loss) before income tax	11,607,017	2,543,238	239,316	470,160	322,791	15,182,522	(826,038)	19,930	14,376,414
Interest income	189,137	22,456	9,181	-	7,808	228,582	537,598	(712,352)	53,828
Interest expense	(1,000,427)	(408,552)	(33,982)	-	(116,492)	(1,559,453)	(1,255,816)	754,939	(2,060,330)
Depreciation and amortisation	(3,319,306)	(1,392,072)	(232,593)	(815)	(399,640)	(5,344,426)	(8,058)	-	(5,352,484)
Share of profits (losses) of associates and joint ventures	624,491	1,172,053	(18,895)	-	-	1,777,649	75,245	-	1,852,894
Income tax expense	(2,471,242)	(222,082)	(33,234)	(116,470)	(57,457)	(2,900,485)	-	(35,381)	(2,935,866)
Other material non-cash items	-	-	-	-	-	-	-	-	-
(Provision for) reversal of impairment of other assets	(5,936)	(59)	(15,547)	(16,024)	5,520	(32,046)	(1,047)	15,413	(17,680)
Addition to non-current assets	3,673,528	687,773	63,060	-	14,171	4,438,532	6,616	-	4,445,148
<b>Segment assets and liabilities</b>									
Total assets	<u>164,246,524</u>	<u>59,301,013</u>	<u>18,569,328</u>	<u>56,977,305</u>	<u>13,406,490</u>	<u>312,500,660</u>	<u>13,857,053</u>	<u>(25,172,732)</u>	<u>301,184,981</u>
Including: interests in associates and joint ventures	<u>7,942,203</u>	<u>12,665,543</u>	<u>894,351</u>	<u>-</u>	<u>128,659</u>	<u>21,630,756</u>	<u>3,825,523</u>	<u>-</u>	<u>25,456,279</u>
Total liabilities	<u>72,739,649</u>	<u>20,868,550</u>	<u>7,468,018</u>	<u>52,738,788</u>	<u>8,798,447</u>	<u>162,613,452</u>	<u>68,950,308</u>	<u>(63,238,897)</u>	<u>168,324,863</u>

For the six months ended 30 June 2020 (Unaudited) and as at 31 December 2020 (Audited)

	Coal	Coal-chemical products	Mining machinery	Finance	Others	Total segment	Unallocated	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>									
Total revenue	48,244,478	8,094,764	4,561,222	575,436	3,255,861	64,731,761	-	(3,338,575)	61,393,186
Inter-segment revenue	<u>(1,869,837)</u>	<u>(124,634)</u>	<u>(603,932)</u>	<u>(207,952)</u>	<u>(532,220)</u>	<u>(3,338,575)</u>	-	3,338,575	-
Revenue from external customers	<u>46,374,641</u>	<u>7,970,130</u>	<u>3,957,290</u>	<u>367,484</u>	<u>2,723,641</u>	<u>61,393,186</u>	-	-	<u>61,393,186</u>
<b>Segment results</b>									
<b>Profit (loss) from operations</b>	6,147,947	894,932	244,042	405,240	435,454	8,127,615	(145,120)	(102,739)	7,879,756
<b>Profit (loss) before income tax</b>	5,556,789	245,047	224,205	404,959	317,767	6,748,767	(971,301)	(11,437)	5,766,029
Interest income	213,435	19,753	2,964	-	7,153	243,305	660,995	(814,896)	89,404
Interest expense	(1,109,893)	(566,533)	(47,545)	-	(125,726)	(1,849,697)	(1,525,547)	905,543	(2,469,701)
Depreciation and amortisation	(2,955,252)	(1,489,192)	(200,084)	(693)	(313,468)	(4,958,689)	(8,755)	-	(4,967,444)
Share of profits (losses) of associates and joint ventures	309,380	(99,672)	18,943	-	(2,669)	225,982	38,166	-	264,148
Income tax expense	(1,396,521)	(65,832)	(15,105)	(105,722)	(7,336)	(1,590,516)	-	(1,584)	(1,592,100)
<b>Other material non-cash items</b>									
(Provision for) reversal of impairment of other assets	490	11,040	(17,903)	12,597	(16,265)	(10,041)	(183)	(18,416)	(28,640)
<b>Addition to non-current assets</b>	4,325,384	5,948,154	269,975	1,558	21,658	10,566,729	35,346	-	10,602,075
<b>Segment assets and liabilities</b>									
Total assets	<u>153,791,317</u>	<u>48,432,897</u>	<u>17,529,288</u>	<u>40,299,025</u>	<u>12,821,013</u>	<u>272,873,540</u>	<u>37,150,889</u>	<u>(28,450,614)</u>	<u>281,573,815</u>
Including: interests in associates and joint ventures	<u>7,521,296</u>	<u>11,493,490</u>	<u>914,596</u>	<u>-</u>	<u>128,659</u>	<u>20,058,041</u>	<u>3,806,111</u>	<u>-</u>	<u>23,864,152</u>
Total liabilities	<u>68,441,751</u>	<u>23,106,958</u>	<u>6,644,003</u>	<u>35,949,046</u>	<u>5,919,125</u>	<u>140,060,883</u>	<u>67,700,482</u>	<u>(49,853,148)</u>	<u>157,908,217</u>



### 3.3 Geographical information

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

#### *Analysis of revenue*

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Domestic markets	98,184,287	61,024,723
Overseas markets	535,610	368,463
	<u>98,719,897</u>	<u>61,393,186</u>

#### *Analysis of non-current assets*

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
	Domestic markets	209,804,323
Overseas markets	850	386
	<u>209,805,173</u>	<u>210,169,194</u>

#### *Note:*

The non-current assets above exclude financial instruments, deferred income tax assets and finance lease receivables.

### 3.4 Major customers

No revenue from transaction with single external customer was amounted to 10% or more of the Group's revenue for the six months ended 30 June 2021 and 2020.

#### 4. FINANCE INCOME AND COSTS

	<b>Six months ended 30 June</b>	
	<b>2021</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>2020</b> <i>RMB'000</i> <b>(Unaudited)</b>
Finance income:		
– Interest income on bank deposits	<b>38,802</b>	44,361
– Interest income on loans receivables	<b>15,026</b>	45,043
	<hr/>	<hr/>
Total finance income	<b>53,828</b>	89,404
	<hr/> <hr/>	<hr/> <hr/>
Interest expense:		
– Borrowings	<b>1,467,289</b>	1,563,495
– Bonds payable	<b>646,139</b>	902,129
– Unwinding of discount	<b>151,016</b>	121,245
– Lease liabilities	<b>13,381</b>	13,304
Other incidental bank charges	<b>248</b>	2,613
Net foreign exchange gains	<b>(10,605)</b>	(5,035)
	<hr/>	<hr/>
	<b>2,267,468</b>	2,597,751
Less: amounts capitalised on qualifying assets ( <i>Note</i> )	<b>(217,495)</b>	(130,472)
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Total finance costs	<b>2,049,973</b>	2,467,279
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Finance costs, net	<b>1,996,145</b>	2,377,875
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*Note:*

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

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>(Unaudited)</b>	<b>2020</b> <b>(Unaudited)</b>
Capitalisation rates used to determine the amount of finance costs eligible for capitalisation	<b>1.20%-4.89%</b>	1.20%-4.80%
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## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax ( <i>Note</i> )	2,989,008	1,592,383
Deferred income tax	(53,142)	(283)
	<u>2,935,866</u>	<u>1,592,100</u>

### *Note:*

The provision for the PRC enterprise income tax is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in both periods is 25% of the assessable income of each of the companies now comprising the Group, 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% based on the relevant PRC tax laws and regulations.

## 6. DIVIDENDS

During the current interim period, a final dividend of RMB0.134 per share in respect of the year ended 31 December 2020 (six month ended 30 June 2020 (Unaudited): RMB0.127 per share in respect of the year ended 31 December 2019), comprising 13,258,663,400 shares existed as at 31 December 2020 was approved at the annual general meeting of the Company held on 11 May 2021. The aggregate amount of the final dividend approved in the current interim period amounted to RMB1,776,661,000 (2019 final dividend approved during the six months ended 30 June 2020(Unaudited): RMB1,683,946,000).

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2020 (Unaudited): Nil).

## 7. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2021 and 2020 is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,400 ordinary shares in issue during both periods.

As the Company had no potential ordinary shares in issue for the six months ended 30 June 2021 and 2020, diluted earnings per share are presented equals to basic earnings per share.

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

	<b>30 June 2021 RMB '000 (Unaudited)</b>	31 December 2020 RMB '000 (Audited)
Trade receivables ( <i>Notes (a), (b), (c) and (d)</i> )	<b>8,243,677</b>	7,241,095
Debt instruments at FVTOCI ( <i>Notes (e) and (f)</i> )	<b>4,283,028</b>	3,520,723

*Notes:*

- (a) Aging analysis of trade receivables presented based on invoice date at the end of each reporting period is as follows:

	<b>30 June 2021 RMB '000 (Unaudited)</b>	31 December 2020 RMB '000 (Audited)
Within 6 months	<b>5,611,315</b>	5,161,581
6 months – 1 year	<b>1,243,274</b>	941,791
1 – 2 years	<b>797,193</b>	781,602
2 – 3 years	<b>379,733</b>	285,702
Over 3 years	<b>788,315</b>	629,443
Trade receivables, gross	<b>8,819,830</b>	7,800,119
Less: Allowance for credit losses	<b>(576,153)</b>	(559,024)
Trade receivables, net	<b>8,243,677</b>	7,241,095

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

The Group does not hold any collateral as security.

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

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

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
RMB	<b>8,234,100</b>	7,239,922
US Dollar ("USD")	<b>9,577</b>	1,173
	<b><u>8,243,677</u></b>	<b><u>7,241,095</u></b>

- (c) The carrying amounts of trade receivables approximate to their fair values.
- (d) As at 30 June 2021, trade receivables of RMB62,304,000 (31 December 2020 (Audited): Nil) were pledged to banks for short term borrowings amounting to RMB20,000,000 (31 December 2020 (Audited): Nil).
- (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 2020 (Audited): less than one year).

As at 30 June 2021, debt instruments at FVTOCI of RMB270,899,000 (31 December 2020 (Audited): RMB336,061,000) were pledged to banks for issuing notes payables amounting to RMB265,419,000 (31 December 2020 (Audited): RMB325,358,000).

- (f) Transfers of financial assets

As at 30 June 2021, debt instruments at FVTOCI of RMB618,733,000 (31 December 2020 (Audited): RMB674,658,000) were endorsed to 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 2021, the Group endorsed and discounted notes receivables of RMB4,219,790,000 (31 December 2020 (Audited): RMB3,362,382,000) to suppliers and banks 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 payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership relating to these notes receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated accounts payables. The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivables equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivables are not significant.

## 9. TRADE AND NOTES PAYABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade payables ( <i>Note</i> )	<b>22,938,903</b>	20,620,266
Notes payables	<b>2,348,171</b>	4,522,036
	<b><u>25,287,074</u></b>	<b><u>25,142,302</u></b>

*Note:*

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

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Less than 1 year	<b>19,141,327</b>	16,704,426
1 – 2 years	<b>1,883,309</b>	1,971,010
2 – 3 years	<b>420,359</b>	554,814
Over 3 years	<b>1,493,908</b>	1,390,016
	<b><u>22,938,903</u></b>	<b><u>20,620,266</u></b>

## 10. EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2021, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue medium-term note up to a maximum outstanding amount of RMB5,000,000,000. The registered amount is valid within 2 years from the date of the approval, and the medium-term notes can be issued by stages within the period of validity of registration.

## CHAIRMAN'S STATEMENT

### Dear Shareholders,

In the first half of 2021, China's economic operation strengthened and improved steadily as the economy gained further momentum. China Coal Energy studied the party history in depth as a source of wisdom, seized the development trend and remained steadfast in its strategy. With the continuous pickup in market demand, the Company insisted on making progress steadily and coordinated and promoted business development with quality in mind, laying a solid foundation for a good start to the "14th Five-Year Plan".

### **Deepening the supply-side structural reform and focusing on quality industry development.**

The Company formulated its development plan for the "14th Five-Year" period and set its long-term goals for 2035, paid attention to the correlation between the current situation and the long-term impact, made preparations to achieve the goals of "carbon emissions peak and carbon neutrality", and established the idea of "strengthening the primary coal business, optimising the coal, electricity and chemical integrated industry chain and developing new energy vigorously by leveraging its advantages" to build a world-class energy enterprise that is "complemented by multiple types of energy, green with low carbon emissions, an exemplar of innovation and under modern governance". In the first half of the year, the Company continued to ramp up its advanced production capacity, and its assurance capacity of energy supply and market share increased significantly. The output of commercial coal was 56.49 million tonnes, representing an increase of 6.4% year on year and 11.7% over the first half of 2019; coal sales volume amounted to 148 million tonnes, representing an increase of 28.2% year on year and 43.7% over the first half of 2019. The Company focused on the clean and efficient use of coal and the coal, electricity and chemical integrated industry chain achieved continuous optimized development. The output of major coal-chemical products was 2.31 million tonnes, representing an increase of 20.2% year on year and 8.0% over the first half of 2019. Electricity generation amounted to 7.03 billion KWh, representing an increase of 11.4% year on year and 114.3% over the first half of 2019. Key projects such as Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal, Libi Coal Mine with an annual output of 4 million tonnes of anthracite and Pingshuo 2×350MW low calorific value coal power generation project progressed smoothly. The Tuke Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas reached its designed load successfully in its first trial run. The comprehensive energy service capabilities continued to increase. The production value of equipment amounted to RMB4.78 billion, representing an increase of 3.2% year on year and 10.9% over the first half of 2019. The asset scale of financial operations was RMB57 billion, representing an increase of 54.3% year on year and 41.4% over the beginning of 2021. Meanwhile, the Company adhered to the national plan closely and actively promoted projects in the new energy sector.

### **Keeping up with market demand by continuing to enhance quality and efficiency and setting a new record for operating results in the same period in history.**

In the first half of the year, the Company registered revenue of RMB98.7 billion, representing an increase of 60.8% year on year and 61.7% over the first half of 2019. Profit before income tax was RMB14.4 billion, representing an increase of 149.3% year on year and 70.1% over the first half of 2019. Profit attributable to the equity holders of the Company was RMB8.5 billion, representing an increase of 237.9% year on year and 107.1% over the first half of 2019. Net cash inflow from operating activities was RMB20.4 billion, representing an increase of 122.4% year on year and 99.4% over the first half of 2019. The weighted average return on equity was 8.2%, representing an increase of 5.6 percentage points year on year and 3.8 percentage points over the first half of 2019. Ratio of profits to cost was 16.7%, representing an increase of 6.4 percentage points year on year and 1.1 percentage points over the first half of 2019. As at the end of June 2021, the Company's gearing ratio was 42.9%, suggesting a sound and prudent financial structure.

**Deepening reform and innovation and keeping up the vitality and momentum of high-quality development.** In the first half of the year, the Company worked on the Three-year Action Plan for the Reform of State-owned Enterprises by establishing the board of directors for affiliated companies, setting the fixed-term appointment system and conducting contractual management on management members, rolling out the medium and long-term incentive plans on a trial basis steadily, strengthening strategic management and control transformation in accordance with the principles of specialisation, simplification and regionalisation. The headquarter led the “Larger Department Reform” and implemented competitive recruitment for all staff. The Company vigorously strengthened technological innovation. It obtained 93 authorised patents and filed more than 80 technological achievements. Two national technological projects (“Key Technologies for Electrical Parts and Control System of Mining Equipment” and “Research on Raw Materials and Manufacturing Technology of High-end Hydraulic Support”) achieved results in their respective phases. The construction of five national first batch of intelligent demonstration coal mines including East Open Pit and Wangjialing were actively promoted. In response to the common technical problems in the industry, two major technological projects (“Prevention of Rock Burst in Mines in Inner Mongolia and Shaanxi” and “Key Intelligent Technology and Engineering Demonstration for Coal Mines”) were implemented to intensify research on key technologies and lead the industry’s technological advancement. The construction of “Digital China Coal” made solid progress, and such digital transformation would help the Company’s high-quality development.

**Acting in line with the philosophy of safe and green development and continuously reinforcing the foundation for high-quality development.** The Company implemented the Three-year Plan for Production Safety Rectification, promoted vertical management of safety supervision and further defined the bodies responsible for production safety at all levels, which all boded well for production safety. The Company vigorously carried out energy conservation, consumption reduction and environmental restoration projects, insisted on green development and strengthened ecological protection, and no environmental emergencies occurred. The Company continued to normalise epidemic prevention measures, and all employees were not infected. The Company strictly complied with the regulatory requirements of capital markets, continued to improve corporate governance and information disclosure, strengthened compliance management and internal control and has been rated as an Outstanding Enterprise in Information Disclosure by the Shanghai Stock Exchange for years.



In the second half of the year, China Coal Energy will study in depth and act in line with the spirit of General Secretary Xi Jinping's speech at the founding anniversary of the Communist Party of China, adhere to the keynote of seeking progress while maintaining stability, and implement the new development philosophy fully, accurately and comprehensively. The Company will also focus on the goal of building a world-class energy enterprise, vigorously improve the systematic, predictive and creative aspects of work, better coordinate development with safety, give full play to the driving role of reform and innovation and fully complete the targets and tasks for the year. **First**, based on the "14th Five-Year Plan", the Company will speed up the construction of key projects, actively carry out projects in the new energy sector and further optimise and transform its business structure in the industry. **Second**, the Company will push ahead with the Three-year Action Plan for the Reform of State-owned Enterprises, continue to deepen the reform of systems and mechanisms, address key and difficult issues and successfully complete the tasks in this phase. **Third**, the Company will run in line with world-class standards towards the goal of high-quality development, vigorously improve quality, efficiency and efficacy and fully complete the annual production and operation plan. **Fourth**, the Company will step up technological innovation, focus on safe, green and intelligent mining and clean, efficient utilisation of coal with low carbon emissions, advance key and core technologies. **Fifth**, the Company will continue to improve security capability, optimise the safety responsibility system, keep strengthening ecological preservation, environmental protection and energy conservation, further normalise epidemic prevention measures, coordinate liquidity management and effectively prevent and mitigate various risks to ensure its stable, sustainable and healthy development. **Sixth**, the Company will strengthen corporate governance, continue to improve the quality of information disclosure, strengthen corporate governance, keep communicating with investors, strive to enhance its corporate value and actively maintain its good image in the capital market.

The Company's management and staff of all levels will keep their original aspirations and missions in mind, make persistent efforts and forge ahead, make positive contributions to the healthy development of the national economy and capital market and reward all shareholders and investors with excellent performance.

## **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 2021, the Group adhered to the high-quality development as the guide, deepened its reform and innovation, seized the favorable opportunity of continuous recovery of production demand, scientifically organized production, strengthened the synergy of production and sales, greatly improved quality and efficiency, as well as took scientific control of cost leading to significant growth in operating results and steady improvement in operation quality. The Group realised revenue of RMB98.720 billion, representing a year-on-year increase of 60.8% and an increase of 61.7% when compared to the first half of 2019; profit attributable to equity holders of the Company amounted to RMB8.545 billion, representing a year-on-year increase of 237.9% and an increase of 107.1% when compared to the first half of 2019; net cash inflow from operating activities amounted to RMB20.410 billion, representing a year-on-year increase of 122.4% and an increase of 99.4% when compared to the first half of 2019.

The Group actively released the advanced coal production capacity and production volume of commercial coal amounted to 56.49 million tonnes, representing a year-on-year increase of 3.42 million tonnes; sales volume of self-produced commercial coal amounted to 55.74 million tonnes, representing a year-on-year increase of 2.42 million tonnes. The Group kept up with the market and strengthened marketing organization with the sales volume of proprietary trading coal of 88.50 million tonnes, representing a year-on-year increase of 26.93 million tonnes. Coal chemical enterprises strengthened lean management and maintained the device of work safety, stable production, long-period operation, fully-loaded operation and optimum operation. The increase in production, sales volume and selling prices of major coal chemical products offset the impact of rising procurement prices of coal effectively, which contributed profit from operations of RMB1.757 billion, representing a year-on-year increase of RMB862 million. Equipment Company promoted reform and innovation to stimulate the vitality of the system and mechanism, realizing revenue of RMB4.956 billion, profit before tax of RMB239 million, representing a continuous year-on-year growth. Finance Company leveraged the advantage of information technology of the digital financial platform and strengthened the lean capital management, realizing profit before tax of RMB470 million, representing a year-on-year increase of RMB65 million. The profitability of shareholding enterprises of the Group improved, the share of profits attributable to associates and joint ventures was RMB1.853 billion, representing a year-on-year increase of RMB1.589 billion.

*Unit: RMB100 million*

	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	<b>987.20</b>	613.93	373.27	60.8
Cost of sales	<b>815.83</b>	512.76	303.07	59.1
Gross profit	<b>171.37</b>	101.17	70.20	69.4
Selling, general and administrative expenses	<b>26.55</b>	22.91	3.64	15.9
Profit from operations	<b>145.20</b>	78.80	66.40	84.3
Finance income	<b>0.54</b>	0.89	-0.35	-39.3
Finance costs	<b>20.50</b>	24.67	-4.17	-16.9
Profit attributable to associates and joint ventures	<b>18.53</b>	2.64	15.89	601.9
Profit before income tax	<b>143.76</b>	57.66	86.10	149.3
EBITDA	<b>198.72</b>	128.47	70.25	54.7
Profit attributable to the equity holders of the Company	<b>85.45</b>	25.29	60.16	237.9
Net cash generated from operating activities	<b>204.10</b>	91.78	112.32	122.4
Net cash generated from investment activities	<b>-150.04</b>	-10.40	-139.64	1,342.7
Net cash generated from financing activities	<b>-7.82</b>	43.96	-51.78	-117.8

*Unit: RMB100 million*

	As at 30 June 2021	As at 31 December 2020	Compared with the end of last year	
			Increase/ decrease in amount	Increase/ decrease (%)
Assets	<b>3,011.85</b>	2,815.74	196.11	7.0
Liabilities	<b>1,683.25</b>	1,579.08	104.17	6.6
Interest-bearing debts	<b>999.07</b>	956.69	42.38	4.4
Equity	<b>1,328.60</b>	1,236.66	91.94	7.4
Equity attributable to the equity holders of the Company	<b>1,074.19</b>	1,006.59	67.60	6.7
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	<b>42.9</b>	43.6	A decrease of 0.7 percentage points	

## II. OPERATING RESULTS

### (I) Consolidated operating results

#### 1. Revenue

For the six months ended 30 June 2021, the Group's revenue increased by RMB37.327 billion from RMB61.393 billion for the six months ended 30 June 2020 to RMB98.720 billion, representing an increase of 60.8%, which was mainly due to the significant increase in market prices of the Group's self-produced commercial coal and coal chemical products, as well as the expanded sales scale of coal.

Revenue before netting of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

	Revenue before netting of inter-segmental sales		Year-on-year	
	For the Six months ended 30 June 2021	For the Six months ended 30 June 2020	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	<b>833.19</b>	482.44	350.75	72.7
Coal chemical operations	<b>105.94</b>	80.95	24.99	30.9
Coal mining equipment operations	<b>49.56</b>	45.61	3.95	8.7
Financial operations	<b>7.45</b>	5.75	1.70	29.6
Other operations	<b>42.84</b>	32.56	10.28	31.6
Net of inter-segmental sales	<b>-51.78</b>	-33.38	-18.40	55.1
The Group	<b>987.20</b>	613.93	373.27	60.8

Revenue net of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

	Revenue net of inter-segmental sales		Year-on-year	
	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Increase/decrease in amount	Increase/decrease (%)
Coal operations	795.90	463.75	332.15	71.6
Coal chemical operations	104.10	79.70	24.40	30.6
Coal mining equipment operations	44.31	39.57	4.74	12.0
Financial operations	5.60	3.67	1.93	52.6
Other operations	37.29	27.24	10.05	36.9
The Group	<b>987.20</b>	<b>613.93</b>	<b>373.27</b>	<b>60.8</b>

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 2021 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 2021	For the six months ended 30 June 2020	Increase/decrease (percentage point(s))
Coal operations	80.6	75.5	5.1
Coal chemical operations	10.5	13.0	-2.5
Coal mining equipment operations	4.5	6.4	-1.9
Financial operations	0.6	0.6	0.0
Other operations	3.8	4.5	-0.7

## 2. Cost of sales

For the six months ended 30 June 2021, the Group's cost of sales increased by RMB30.307 billion or 59.1% from RMB51.276 billion for the six months ended 30 June 2020 to RMB81.583 billion, which was mainly due to the expansion of the production and sales scale of the Group's coal operations and the year-on-year increase of costs caused by the increase in coal prices and material costs of coal chemical operations.

Cost of sales generated from each operating segment of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

	<b>For the six months ended 30 June 2021</b>	For the six months ended 30 June 2020	<b>Year-on-year Increase/ decrease in amount</b>	<b>Increase/ decrease (%)</b>
Coal operations	<b>698.88</b>	407.22	291.66	71.6
Coal chemical operations	<b>85.39</b>	69.80	15.59	22.3
Coal mining equipment operations	<b>42.46</b>	39.30	3.16	8.0
Financial operations	<b>2.51</b>	1.76	0.75	42.6
Other operations	<b>37.60</b>	26.68	10.92	40.9
Inter-segment elimination	<b>-51.01</b>	-32.00	-19.01	59.4
The Group	<b>815.83</b>	512.76	303.07	59.1

### 3. *Gross profit and gross profit margin*

For the six months ended 30 June 2021, the Group's gross profit increased by RMB7.020 billion or 69.4% from RMB10.117 billion for the six months ended 30 June 2020 to RMB17.137 billion; gross profit margin increased by 0.9 percentage points from 16.5% for the six months ended 30 June 2020 to 17.4%.

The gross profit and gross profit margin from each operating segment of the Group for the six months ended 30 June 2021 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 2021	For the six months ended 30 June 2020	Increase/decrease (%)	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Increase/decrease (percentage point(s))
Coal operations	134.31	75.22	78.6	16.1	15.6	0.5
Coal chemical operations	20.55	11.15	84.3	19.4	13.8	5.6
Coal mining equipment operations	7.10	6.31	12.5	14.3	13.8	0.5
Financial operations	4.94	3.99	23.8	66.3	69.4	-3.1
Other operations	5.24	5.88	-10.9	12.2	18.1	-5.9
The Group	<u>171.37</u>	<u>101.17</u>	<u>69.4</u>	<u>17.4</u>	<u>16.5</u>	<u>0.9</u>

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

## (II) Operating results of segments

### 1. Coal Operations Segment

- Revenue

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

For the six months ended 30 June 2021, the revenue from coal operations of the Group increased by 72.7% from RMB48.244 billion for the six months ended 30 June 2020 to RMB83.319 billion, and revenue net of other inter-segmental sales increased by 71.6% from RMB46.375 billion for the six months ended 30 June 2020 to RMB79.590 billion.

For the six months ended 30 June 2021, the revenue from sales of the self-produced commercial coal of the Group increased by 27.7% from RMB23.703 billion for the six months ended 30 June 2020 to RMB30.280 billion, which was mainly attributable to the year-on-year increase of 2.42 million tonnes in the sales volume leading to an increase of RMB1.079 billion in the sales revenue of self-produced commercial coal; the year-on-year increase of RMB98/tonne in the selling price leading to an increase of RMB5.498 billion in the revenue. Revenue net of inter-segmental sales increased by 25.5% from RMB23.074 billion for the six months ended 30 June 2020 to RMB28.955 billion.

For the six months ended 30 June 2021, the revenue from sales of proprietary trading coal of the Group increased by 117.1% from RMB24.306 billion for the six months ended 30 June 2020 to RMB52.760 billion, which was mainly attributable to the year-on-year increase of 26.93 million tonnes in the sales volume leading to an increase of RMB10.632 billion in the revenue from sales of proprietary trading coal; the year-on-year increase of RMB201/tonne in the selling price leading to an increase of RMB17.822 billion in the revenue. Revenue net of inter-segmental sales increased by 118.1% from RMB23.103 billion for the six months ended 30 June 2020 to RMB50.382 billion.

For the six months ended 30 June 2021, the revenue from coal agency operations of the Group increased by RMB4 million from RMB5 million for the six months ended 30 June 2020 to RMB9 million.



The Group's coal sales volume before netting of inter-segmental sales and selling prices for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

		For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year			
		Sales volume	Selling price	Sales volume	Selling price	Increase/decrease 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	Total	<b>5,574</b>	<b>543</b>	5,332	445	242	98	4.5	22.0
commercial coal	(I) Thermal coal	<b>4,951</b>	<b>489</b>	4,756	400	195	89	4.1	22.3
	1. Domestic sale	<b>4,951</b>	<b>489</b>	4,747	400	204	89	4.3	22.3
	2. Export	☆	☆	9	508	-9	-	-100.0	-
	(II) Coking coal	<b>623</b>	<b>974</b>	576	814	47	160	8.2	19.7
	Domestic sale	<b>623</b>	<b>974</b>	576	814	47	160	8.2	19.7
II. Proprietary trading coal	Total	<b>8,850</b>	<b>596</b>	6,157	395	2,693	201	43.7	50.9
	(I) Domestic sale	<b>8,753</b>	<b>597</b>	6,094	393	2,659	204	43.6	51.9
	(II) Self-operated export*	<b>16</b>	<b>1,214</b>	6	1,257	10	-43	166.7	-3.4
	(III) Import trading	<b>81</b>	<b>410</b>	57	466	24	-56	42.1	-12.0
III. Import and export and domestic agency★	Total	<b>401</b>	<b>2</b>	74	6	327	-4	441.9	-66.7
	(I) Import agency	<b>1</b>	<b>6</b>	16	4	-15	2	-93.8	50.0
	(II) Export agency	<b>11</b>	<b>9</b>	58	7	-47	2	-81.0	28.6
	(III) Domestic agency	<b>389</b>	<b>2</b>	☆	☆	389	-	-	-

\* : Briquette export.

★ : Selling price is agency service fee.

☆ : N/A for the period.

*Note:* Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 8.65 million tonnes for the current period and 6.30 million tonnes for the same period of last year.

- *Cost of sales*

For the six months ended 30 June 2021, the Group's cost of sales of coal operations increased by 71.6% from RMB40.722 billion for the six months ended 30 June 2020 to RMB69.888 billion, which was mainly attributable to the year-on-year increase in the sales volume of the purchased coal and the procurement cost increase, leading to the year-on-year increase in the cost of proprietary trading coal by RMB27.953 billion; and the year-on-year increase of sales volume of the Group's self-produced commercial coal and unit cost of sales increased, leading to the year-on-year increase in the cost of self-produced commercial coal by RMB828 million.

The composition of the cost of sales of the Group's coal operations and its year-on-year changes are set out as follows:

*Unit: RMB100 million*

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2021	Percentage (%)	30 June 2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	27.20	3.9	30.09	7.4	-2.89	-9.6
Proprietary trading coal costs ☆	514.24	73.6	234.71	57.6	279.53	119.1
Staff costs	17.91	2.6	13.77	3.4	4.14	30.1
Depreciation and amortization	32.85	4.7	29.26	7.2	3.59	12.3
Repairs and maintenance	6.56	0.9	4.66	1.1	1.90	40.8
Transportation costs and port expenses	48.62	6.9	52.11	12.8	-3.49	-6.7
Sales taxes and surcharges	22.74	3.3	14.71	3.6	8.03	54.6
Outsourced mining engineering fees	12.81	1.8	14.10	3.5	-1.29	-9.1
Other costs ★	15.95	2.3	13.81	3.4	2.14	15.5
<b>Total cost of sales for coal operations</b>	<b>698.88</b>	<b>100.0</b>	<b>407.22</b>	<b>100.0</b>	<b>291.66</b>	<b>71.6</b>

☆: This cost does not include transportation costs and port expenses related to proprietary trading coal, amounting to RMB1.005 billion for the current period and RMB641 million for the same period of last year, both of which are set out in the item of transportation costs and port expenses.

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

The composition of the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

*Unit: RMB/tonne*

Item	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year	
	For the six months ended 30 June 2021	Percentage (%)	For the six months ended 30 June 2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	48.79	15.8	56.43	18.3	-7.64	-13.5
Staff costs	32.13	10.4	25.84	8.4	6.29	24.3
Depreciation and amortization	58.93	19.0	54.89	17.8	4.04	7.4
Repairs and maintenance	11.77	3.8	8.74	2.8	3.03	34.7
Transportation costs and port expenses	69.21	22.4	85.72	27.8	-16.51	-19.3
Sales taxes and surcharges	40.80	13.2	27.59	9.0	13.21	47.9
Outsourced mining engineering fees	22.98	7.4	26.44	8.6	-3.46	-13.1
Other costs	25.04	8.0	22.56	7.3	2.48	11.0
<b>Total unit cost of sales of self-produced commercial coal</b>	<b>309.65</b>	<b>100.0</b>	<b>308.21</b>	<b>100.0</b>	<b>1.44</b>	<b>0.5</b>

For the six months ended 30 June 2021, the Group's unit cost of sales of self-produced commercial coal amounted to RMB309.65/tonne, representing a year-on-year increase of RMB1.44/tonne or 0.5%, which is mainly due to the following reasons: a year-on-year decrease in the cost of tonnes of coal materials and outsourced mining engineering fees, which was mainly attributable to the dilution effect of the increase in the production of self-produced commercial coal driven by the continuous release of the Group's advanced production capacity; the Group adjusted and controlled the wage level in a reasonable manner based on the operating performance, as well as the national policies launched in the corresponding period of the previous year to support COVID-19 pandemic prevention and control, such as the temporary 50% reduction in social security expenses, were no longer implemented for the year, leading to a year-on-year increase in tonnes of staff costs; the decrease in the proportion of sales volume of self-produced commercial coal that bears railroad transportation and port expenses for the total sales volume of self-produced commercial coal of the Group, leading to a year-on-year decrease in unit transportation costs and port expenses; the year-on-year increase in selling price and gross profit margin of self-produced commercial coal resulted in the year-on-year increase in unit sales taxes and surcharges; the Group increased investment in safe production and construction of intelligent coal mines, as well as the corresponding increase in original value of property, plant and equipment caused by the increased in disposal costs related to environmental remediation restoration, resulting in a year-on-year increase in depreciation and amortization costs of tonnes of coal; the increase in daily maintenance expenses for equipment related to the expansion of the Group's production scale of self-produced commercial coal, resulting in the year-on-year increase in repair and maintenance expenses for tonnes of coal. In addition, the increase in production related sporadic mining expenditures resulted in a year-on-year increase in other unit costs.

- *Gross profit and gross profit margin*

For the six months ended 30 June 2021, production and sales scale of coal of the Group expanded and the market selling price increased significantly. Gross profit from coal operations segment increased by 78.6% from RMB7.522 billion for the six months ended 30 June 2020 to RMB13.431 billion, while gross profit margin increased by 0.5 percentage points from 15.6% for six months ended 30 June 2020 to 16.1%.

## **2. Coal Chemical Operations Segment**

- *Revenue*

For the six months ended 30 June 2021, the revenue from coal chemical operations of the Group increased by 30.9% from RMB8.095 billion for the six months ended 30 June 2020 to RMB10.594 billion; revenue net of inter-segmental sales increased by 30.6% from RMB7.970 billion for the six months ended 30 June 2020 to RMB10.410 billion, which was mainly attributable to the significant increase in selling price and the year-on-year increase in production and sales volume of coal chemical products.

The sales volume and selling prices of the major coal chemical products of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

	For the		For the		Year-on-year			
	six months ended		six months ended		Increase/		Increase/	
	30 June 2021		30 June 2020		decrease		decrease	
	Sales	Selling	Sales	Selling	Sales	Selling	Sales	Selling
volume	price	volume	price	volume	price	volume	price	
(10,000	(RMB/	(10,000	(RMB/	(10,000	(RMB/	(%)	(%)	
tonnes)	tonne)	tonnes)	tonne)	tonnes)	tonne)			
I. Polyolefin	78.8	7,413	75.5	5,980	3.3	1,433	4.4	24.0
1. Polyethylene	39.8	7,238	37.8	5,707	2.0	1,531	5.3	26.8
2. Polypropylene	39.0	7,592	37.7	6,253	1.3	1,339	3.4	21.4
II. Urea	125.5	2,014	114.5	1,616	11.0	398	9.6	24.6
III. Methanol	51.1	1,703	26.7	1,342	24.4	361	91.4	26.9
Inter-segment self-consumption								
volume ♦	37.9	1,741	26.6	1,342	11.3	399	42.5	29.7
External sales	13.2	1,591	0.1	1,469	13.1	122	13,100.0	8.3

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

- *Cost of sales*

For the six months ended 30 June 2021, cost of sales for the coal chemical operations of the Group increased by 22.3% from RMB6.980 billion for the six months ended 30 June 2020 to RMB8.539 billion, which was mainly attributable to the increase in the purchase price of raw material coal and fuel coal, as well as the increase in the production and sales volume of major coal chemical products, leading to the year-on-year increase of RMB1.292 billion in material costs. The composition of the cost of sales of the Group's coal chemical operations and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2021	Percentage (%)	30 June 2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	50.16	58.7	37.24	53.4	12.92	34.7
Cost of polyolefin in proprietary trading	4.13	4.8	4.20	6.0	-0.07	-1.7
Staff costs	3.73	4.4	2.91	4.2	0.82	28.2
Depreciation and amortization	13.63	16.0	12.76	18.3	0.87	6.8
Repairs and maintenance	3.47	4.1	3.02	4.3	0.45	14.9
Transportation costs and port expenses	4.84	5.7	4.48	6.4	0.36	8.0
Sales taxes and surcharges	1.69	2.0	1.69	2.4	-	-
Other costs	3.74	4.3	3.50	5.0	0.24	6.9
<b>Total cost of sales for coal chemical operations</b>	<b>85.39</b>	<b>100.0</b>	<b>69.80</b>	<b>100.0</b>	<b>15.59</b>	<b>22.3</b>

The cost of sales of the major coal chemical products of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

*Unit: RMB/tonne*

Item	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Year-on-year	
			Increase/ decrease amount	Increase/ decrease (%)
I. Polyolefin	6,198	5,086	1,112	21.9
1. Polyethylene	6,166	5,173	993	19.2
2. Polypropylene	6,230	4,999	1,231	24.6
II. Urea	1,401	1,304	97	7.4
II. Methanol	1,423	1,359	64	4.7

- *Gross profit and gross profit margin*

For the six months ended 30 June 2021, the selling prices of the Group's major coal chemical products increased significantly. The gross profit of the coal chemical operations increased by 84.3% from RMB1.115 billion for the six months ended 30 June 2020 to RMB2.055 billion, while gross profit margin increased by 5.6 percentage points from 13.8% for the six months ended 30 June 2020 to 19.4%.

### **3. Coal Mining Equipment Operations Segment**

- *Revenue*

For the six months ended 30 June 2021, the Group's revenue from coal mining equipment operations increased by 8.7% from RMB4.561 billion for the six months ended 30 June 2020 to RMB4.956 billion. Revenue net of other inter-segmental sales increased by 12.0% from RMB3.957 billion for the six months ended 30 June 2020 to RMB4.431 billion, which was mainly attributable to the year-on-year increase in revenue due to the further optimisation of coal mining equipment product structure and the expansion of sales and business scale of accessories.

- *Cost of sales*

For the six months ended 30 June 2021, the Group's cost of sales for the coal mining equipment operations increased by 8.0% from RMB3.930 billion for the six months ended 30 June 2020 to RMB4.246 billion. The composition of the Group's cost of sales of the coal mining equipment operations and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2021	Percentage (%)	30 June 2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	32.33	76.1	29.86	76.0	2.47	8.3
Staff costs	3.17	7.5	2.94	7.5	0.23	7.8
Depreciation and amortization	2.00	4.7	1.90	4.8	0.10	5.3
Repairs and maintenance	0.42	1.0	0.30	0.8	0.12	40.0
Transportation costs	0.55	1.3	0.63	1.6	-0.08	-12.7
Sales taxes and surcharges	0.21	0.5	0.19	0.5	0.02	10.5
Other costs	3.78	8.9	3.48	8.8	0.30	8.6
<b>Total cost of sales for coal mining equipment operations</b>	<b>42.46</b>	<b>100.0</b>	<b>39.30</b>	<b>100.0</b>	<b>3.16</b>	<b>8.0</b>

- *Gross profit and gross profit margin*

For the six months ended 30 June 2021, the gross profit of the Group's coal mining equipment operations segment increased by 12.5% from RMB631 million for the six months ended 30 June 2020 to RMB710 million; and the gross profit margin increased by 0.5 percentage points from 13.8% for the six months ended 30 June 2020 to 14.3%.



#### **4. *Financial Operations Segment***

The financial operations segment of the Group is mainly engaged by Finance Company. In the first half of 2021, Finance Company deepened the concept of lean management, strengthened financial technology innovation, offered multi-dimensional, extensive and customised financial services by precisely targeting financial needs of member enterprises to secure safe, stable and efficient capital flow, and optimised deployment strategies at appropriate times amidst the substantial decline in interbank deposits market interest rate, thereby realising value appreciation and effectiveness. Various major operation indicators have recorded a new height over the same period. For the six months ended 30 June 2021, revenue of financial operations of the Group increased by 29.6% from RMB575 million for the six months ended 30 June 2020 to RMB745 million; revenue net of inter-segmental sales increased by 52.6% from RMB367 million for the six months ended 30 June 2020 to RMB560 million. Cost of sales increased by 42.6% from RMB176 million for the six months ended 30 June 2020 to RMB251 million. Gross profit increased by 23.8% from RMB399 million for the six months ended 30 June 2020 to RMB494 million. Gross profit margin decreased by 3.1 percentage points from 69.4% for the six months ended 30 June 2020 to 66.3%.

#### **5. *Other Operations Segment***

Other operations segment of the Group mainly includes thermal power generation, aluminum processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. For the six months ended 30 June 2021, electricity generation from the Group's power plants increased year on year, the selling price and volume of aluminum processing products increased. Revenue from other operations increased by 31.6% from RMB3.256 billion for the six months ended 30 June 2020 to RMB4.284 billion; revenue net of inter-segmental sales increased by 36.9% from RMB2.724 billion for the six months ended 30 June 2020 to RMB3.729 billion. Cost of sales increased by 40.9% from RMB2.668 billion for the six months ended 30 June 2020 to RMB3.760 billion. Affected by, among other things, surge of coal procurement price, the year-on-year decrease in gross profit and gross profit margin of power generation operations, gross profit of other operations segment decreased by 10.9% from RMB588 million for the six months ended 30 June 2020 to RMB524 million. Gross profit margin decreased by 5.9 percentage points from 18.1% for the six months ended 30 June 2020 to 12.2%.

### **(III) Selling, general and administrative expenses**

For the six months ended 30 June 2021, the Group's selling, general and administrative expenses increased by 15.9% from RMB2.291 billion for the six months ended 30 June 2020 to RMB2.655 billion, which was mainly attributable to the increase in research and development expenses along with the Group's increased investment in technology innovation, as well as the year-on-year increase in staff remuneration under administrative expenses.

#### **(IV) Finance income and finance costs**

For the six months ended 30 June 2021, the Group's net finance costs decreased by 16.1% from RMB2.378 billion for the six months ended 30 June 2020 to RMB1.996 billion, which was mainly attributable to the Group's continual optimisation of debt structure, which has further lowered integrated capital cost.

#### **(V) Share of profits of associates and joint ventures**

For the six months ended 30 June 2021, the Group's share of profits of associates and joint ventures increased by 601.9% from RMB264 million for the six months ended 30 June 2020 to RMB1.853 billion, which was mainly attributable to the substantial year-on-year surge of market prices of coal and coal chemical products, leading to a year-on-year increase in the profits of companies held by the Group, and thus, the corresponding increase in the Group's share of profits of associates and joint ventures recognized in accordance with its shareholding.

### **III. CASH FLOW**

As at 30 June 2021, the balance of the Group's cash and cash equivalents amounted to RMB19.677 billion, representing a net increase of RMB4.636 billion as compared to RMB15.041 billion as at 31 December 2020.

Net cash inflow generated from operating activities increased by RMB11.232 billion from RMB9.178 billion for the six months ended 30 June 2020 to RMB20.410 billion, which was mainly attributable to the growth of the Group's operating results, continual reinforcement of lean capital management for the reduction of operating capital occupation, the year-on-year increase in net cash inflow generated from production and sales activities of RMB2.910 billion as well as the year-on-year increase of RMB8.322 billion in deposits absorbed from members other than China Coal Energy by Finance Company.

Net cash outflow generated from investing activities increased by RMB13.964 million from RMB1.040 billion for the six months ended 30 June 2020 to RMB15.004 billion, which was mainly attributable to the year-on-year increase of RMB14.853 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 decrease in cash inflow arising from the provision of self-operated loans to members other than China Coal Energy by Finance Company of RMB810 million, and the year-on-year decrease in cash utilised as capital expenditure by RMB485 million.

Net cash outflow generated from financing activities increased by RMB5.178 billion from RMB-4.396 billion for the six months ended 30 June 2020 to RMB782 million, which was mainly attributable to the combined effect of the year-on-year decrease in the debt facility of the Group as arranged pursuant to its annual financing plan and overall capital status, as well as the year-on-year increase in cash dividend distributed by the Company.

## **IV. SOURCES OF CAPITAL**

For the six months ended 30 June 2021, 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.

## **V. ASSETS AND LIABILITIES**

### **(I) Property, plant and equipment**

As at 30 June 2021, the net value of property, plant and equipment of the Group amounted to RMB131.523 billion, representing a net decrease of RMB2.156 billion or 1.6% as compared to RMB133.679 billion as at 31 December 2020, among which, the net value of buildings was RMB34.375 billion, accounting for 26.1%; that of mining structures was RMB28.672 billion, accounting for 21.8%; that of plant, machinery and equipment was RMB42.637 billion, accounting for 32.4%; that of construction in progress was RMB21.095 billion, accounting for 16.0%; and that of railways, transportation vehicles and others was RMB4.744 billion, accounting for 3.7%.

### **(II) Mining rights**

As at 30 June 2021, the net value of the Group's mining rights amounted to RMB41.964 billion, representing a net increase of RMB87 million or 0.2% as compared to RMB41.877 billion as at 31 December 2020, which was mainly attributable to the combined effects of the increase in the proceeds from the transfer of mining rights payable by the Group's subsidiaries and the amortization of the mining rights during the reporting period.

### **(III) Long-term receivables**

As at 30 June 2021, the net value of the Group's long-term receivables amounted to RMB443 million, representing a net increase of RMB146 million or 49.2% as compared to RMB297 million as at 31 December 2020, which was mainly attributable to the increase in coal equipment products finance lease business of the leasing company under the Group.

#### **(IV) Debt instruments at fair value through other comprehensive income**

As at 30 June 2021, the net value of the Group's debt instruments at fair value through other comprehensive income amounted to RMB4.283 billion, representing a net increase of RMB762 million or 21.6% as compared to RMB3.521 billion as at 31 December 2020, which was mainly attributable to the increase in settlement amount of acceptance notes in the process of product sales.

#### **(V) Contract assets**

As at 30 June 2021, the net value of the Group's contract assets amounted to RMB1.830 billion, representing a net increase of RMB347 million or 23.4% as compared to RMB1.483 billion as at 31 December 2020, which was mainly attributable to the increase in the Group's right to consideration arising from its sales of coal equipment products. Such rights will be exercised upon completion of the relevant ancillary services agreed in the contract.

#### **(VI) Prepayments and other receivables**

As at 30 June 2021, the net value of the Group's prepayments and other receivables amounted to RMB8.810 billion, representing a net increase of RMB1.829 billion or 26.2% as compared to RMB6.981 billion as at 31 December 2020, which was mainly attributable to the increase of operation revolving loans provided by Finance Company to members other than China Coal Energy.

#### **(VII) Borrowings**

As at 30 June 2021, the balance of borrowings of the Group amounted to RMB72.689 billion, representing a net increase of RMB4.031 billion or 5.9% as compared with RMB68.658 billion as at 31 December 2020, which was mainly attributable to the increase in long-term borrowings resulting from the new project loans implemented according to the annual financing plan by the Group, among which, the balance of long-term borrowings (including the long-term borrowings due within one year) was RMB71.617 billion, representing a net increase of RMB4.628 billion as compared to RMB66.989 billion as at 31 December 2020, and the balance of short-term borrowings amounted to RMB1.072 billion, representing a net decrease of RMB597 million as compared to RMB1.669 billion as at 31 December 2020.

#### **(VIII) Long-term bonds**

As at 30 June 2021, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB27.218 billion, representing a net increase of RMB207 million or 0.8% as compared to RMB27.011 billion as at 31 December 2020. The increase was mainly attributable to the combined effects of the Group's arrangement of issuing medium-term notes of RMB3.0 billion according to the annual debt financing plan and the repurchase of RMB2.8 billion corporate bonds with an exercisable coupon rate adjustment option upon 3 years.

## **VI. OVERSEAS ASSETS**

For the six months ended 30 June 2021, there were no material change in the Group's major assets. At the end of the reporting period, total assets amounted to RMB301.185 billion, representing an increase of RMB19.611 billion or 7.0% as compared to the beginning of the year, among which, overseas assets amounted to RMB444 million, accounting for 0.15% of total assets.

## **VII. SIGNIFICANT CHARGE OF ASSETS**

The Group did not have significant charge of assets during the reporting period. As at 30 June 2021, the book value of the Group's charge of assets amounted to RMB1.410 billion, of which the book value of pledged assets was RMB333 million and the book value of mortgaged assets was RMB1.077 billion.

## **VIII. SIGNIFICANT INVESTMENT**

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

## **IX. MATERIAL ACQUISITIONS AND DISPOSALS**

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

## **X. RISKS OF EXCHANGE RATE**

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

## **XI. RISKS OF COMMODITY VALUE**

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

## **XII. INDUSTRY RISKS**

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

During the reporting period, there were no major changes in the risks of the Company's operations. For details, please refer to the "Directors' Report" section of the Annual Report 2020.

### XIII. CONTINGENT LIABILITIES

#### (I) Bank guarantees

As at 30 June 2021, the Group provided guarantees of RMB11.853 billion in total, of which guarantees of RMB9.255 billion 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		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 not	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Connected party relationship
	Guarantee	Guarantee													
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	1,775.50	28 March 2008	28 March 2008	20 December 2023	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	No	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	54,476.58	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	145,831.95	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Zhongtian Synergetic Energy Company Limited	675,926.95	25 May 2016	25 May 2016	As per agreement	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	No	Yes	Other related party
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	4,125.00	25 November 2015	30 November 2015	1 September 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	11,750.00	2 February 2018	26 February 2018	2 February 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	31,600.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)															-183,065.92
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)															925,485.98
<b>guarantee provided by the Company and subsidiaries to its subsidiaries</b>															
Total guarantee to subsidiaries incurred during the reporting period															-48,356.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)															259,764.50
<b>total guarantee of the Company (including those to subsidiaries)</b>															
Total guarantee (A+B)															1,185,250.48
Percentage of total guarantee to net assets of the Company (%)															11.03
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)															1,775.50
Excess amount of total guarantee over 50% of net assets (E)															-
Total amount of the above three categories (C+D+E)															1,775.50



## **(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 the six months ended 30 June 2021, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

## **BUSINESS PERFORMANCE**

### **I. PRINCIPAL BUSINESS OPERATIONS**

The Group is a large-scale energy enterprise integrating businesses such as coal production and trading, coal chemical operations, coal mining equipment manufacturing, pit-mouth power generation as well as financial and relevant services. The Group principally engaged in coal business with ample coal resources, diversified coal products, modern coal mining, washing and compounding technologies and a nationwide marketing network, ranking on the top of the coal industry in terms of overall strengths. By optimising the industrial structure and vigorously developing new coal chemical operations, the Group has gained extensive experience in coal conversion, clean and efficient utilisation, and the Group's facility operational efficiency and main econotechnical indicators have stayed ahead in the industry, with a distinct low-cost competitive advantage. By taking full advantages of the professional technology expertise in the coal mining equipment, the Group has enriched its product structure and expanded the scope of its business to enhance its market share. The Group leverages on the advantages of its whole industry chain to develop financial operations, while deepens the contents of its financial service for forging a financial system with its own characteristics. In the first half of 2021, Chinese economy has shown a positive trend with stability and consolidation, and market demand continued to recover. With rapid growth in coal consumption and continuous rebound of demand on coal chemical products, coal mine intelligent transformation will further promote the high-quality development of equipment manufacturing.

## (1) Coal Operations

### 1. Coal production

In the first half of the year, the Group organized and fostered pandemic control, production and organization. Under the premises of ensuring safety, the Group accelerated the release of quality production capacity, strengthened the coordination of production, transport and sales, therefore the production volume of coal maintained a steady growth. During the reporting period, the production volume of commercial coal reached 56.49 million tonnes, representing a year-on-year increase of 3.42 million tonnes.

**Table on Commercial Coal Production Volume**

*Unit: ten thousand tonnes*

<b>Item</b>	<b>January to June 2021</b>	January to June 2020	Change (%)
<b>Production volume of commercial coal</b>	<b>5,649</b>	5,307	6.4
(I) By region:			
1. Shanxi	<b>4,091</b>	4,066	0.6
2. Inner Mongolia and Shaanxi	<b>1,222</b>	888	37.6
3. Jiangsu	<b>271</b>	328	-17.4
4. Xinjiang	<b>65</b>	25	160.0
(II) By coal type:			
1. Thermal coal	<b>5,029</b>	4,734	6.2
2. Coking coal	<b>620</b>	573	8.2

Adhering to the idea of prioritizing people and life, the Company continued to step up investment in safety to lay a solid foundation for safety, focused on the prevention and resolution of major safety risks, and continued to carry out assurance projects for system optimisation, equipment upgrading, quality enhancement and management improvement. Thirteen coal mines under production were rated as National Level I Standardised Coal Mines for safe production. With the steady increase in its ability to ensure safety, the Group has achieved safe production.

By adhering to the development direction of “safety, efficiency, green development, and intelligent production”, the Group accelerated the construction of intelligent coal mine and intelligent work interface, vigorously strengthened technological research and development, built a robust technological innovation system, strived to resolve common technical issues, and led the advancement of industry technologies. Driving the improvement of the quality and efficiency of coal production with technology innovation, the Group has achieved the close integration of technology and production through the intellectualization of mining technology and innovative research and development of equipment. The Group actively put the concept of green development into practice through promoting ecosystem restoration and building green mines. During the reporting period, the raw coal efficiency was 38.9 tonnes per worker-shift, representing an advanced level in the coal industry.



## 2. Sales of coal

In the first half of the year, the Group resolutely executed the major decisions and plans of the central government, earnestly fulfilled the responsibility for national energy security as a central state-owned enterprise, actively implemented measures to ensure supply and price stability, and strictly followed the mechanism in relation to medium to long-term contracts to ensure the stable development of the country's economy and society. The Group put the advantages of centralized sales and nationwide marketing network into full play. By enhancing market analysis and researches, the Group tapped along with the market pattern and timely adjusted its procurement strategies and pricing policies to fully capture external resources procurement and increase resources supply capability. Hence, the Group's market influence and market share were further enhanced, with sales scale reaching a historical high record for the same period again. China Coal Energy's branding advantage, market voice and influence were, therefore, further enhanced. The cumulative sales volume of commercial coal during the reporting period was 148.25 million tonnes, representing a year-on-year increase of 28.2%.

**Table on Coal Sales**

*Unit: ten thousand tonnes*

<b>Item</b>	<b>January to June 2021</b>	January to June 2020	Change (%)
<b>Sales volume of commercial coal</b>	<b>14,825</b>	11,563	28.2
(I) By business type:			
1. Self-produced coal	<b>5,574</b>	5,332	4.5
2. Proprietary trading coal sales	<b>8,850</b>	6,157	43.7
3. Agency sales	<b>401</b>	74	441.9
(II) By region:			
1. North China	<b>5,410</b>	4,007	35.0
2. East China	<b>5,221</b>	4,622	13.0
3. South China	<b>2,048</b>	1,427	43.5
4. Central China	<b>1,123</b>	743	51.1
5. Other regions	<b>1,023</b>	764	33.9

## (2) Coal Chemical Operations

The process for manufacturing the Group's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas ( $\text{CO}+\text{H}_2$ ), 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. In the first half of the year, the Group proactively carried out the construction of safety production standardization, strived to enhance lean management, continued to improve the management level of on-site operations, and thereby achieved safe and stable operation of production equipment. The Group enhanced target-oriented management, sought to reduce costs and consumption and enhance quality and efficiency in every aspect of production, technology and management to further improve coal chemical operations. During the reporting period, the production volume of major coal chemical products was 2.306 million tonnes, representing a year-on-year increase of 20.2%.

The Group implements centralised management for the sales of coal chemical products. In the first half of the year, the Group overcame unfavourable factors such as significant price fluctuations and hindered logistics. By flexibly adjusting marketing strategies, optimising customer structure, strengthening quality management and after-sales service, actively seeking preferential freight prices from third parties, and making reasonable arrangements for front-end warehouses, the Group managed to sell all the coal chemical products manufactured. During the reporting period, the accumulated sales volume of self-produced coal chemical products amounted to 2.554 million tonnes, representing a year-on-year increase of 17.9%.

The Group has established three professional coal chemical research institutes to construct an innovative platform, speed up the training of key technical personnel and constantly improve technological innovation capabilities. The Group worked on product differentiation and product chain extension based on its existing process to fulfil the national strategy to ensure food security and strengthen the protection of cultivated land. The Group organized the development of differentiated products containing polyglutamic acid large particles of urea, and sold 43,000 tonnes during the reporting period. The Group produced and developed modified polyolefin products in accordance with the market-oriented principle. During the reporting period, 45,000 tonnes of various polyolefin products were produced and sold.

### Table on Coal Chemical Products Production and Sales

*Unit: ten thousand tonnes*

<b>Product types</b>	<b>January to June 2021</b>	January to June 2020	Change (%)
<b>(I) Polyolefin</b>			
1. Polyethylene Production volume	<b>39.9</b>	38.9	2.6
Sales volume	<b>39.8</b>	37.8	5.3
2. Polypropylene Production volume	<b>38.7</b>	37.4	3.5
Sales volume	<b>39.0</b>	37.7	3.4
<b>(II) Urea</b>			
1. Production volume	<b>101.4</b>	86.6	17.1
2. Sales volume	<b>125.5</b>	114.5	9.6
<b>(III) Methanol</b>			
1. Production volume	<b>50.6</b>	28.9	75.1
2. Sales volume	<b>51.1</b>	26.7	91.4

*Notes: 1.* The urea sales volume of the Company includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group.

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

### (3) Coal Mining Equipment Operations

In the first half of the year, the Group continuously optimised the organisation of production to realise the close connection and linkage between technology, procurement, production and outsourcing. Production efficiency was thus greatly improved. The cumulative value of coal mining equipment amounted to RMB4.78 billion, representing a year-on-year increase of 3.2%. The Group deeply explored the coal machine market by timely tracking changes in the market situation, seizing valid orders and constantly increasing the marketing scale and efficiency to consolidate the market share of leading products. Value of new contracts increased by 14.1% year on year. The Group continued to promote non-coal and transformation products. The operations of non-coal chains, water treatment, modified vehicles, drilling equipment, refuse collection vehicles and other non-coal products as well as shield tunneling machines, wind power maintenance and other transformation equipment continued to expand. The Group strove to build a marketing structure for diversified products and continued to expand market boundaries. Revenue from accessories and non-coal business accounted for 41.8% of the total, representing a year-on-year increase of 1.7 percentage points.

**Table on Production Value and Revenue of Coal Mining Equipment**

*Unit: RMB100 million*

Product types	Production value			Revenue	
	January to June 2021	January to June 2020	Change (%)	January to June 2021	Percentage of revenue of the coal mining equipment segment (%)
Main conveyor products	21.5	19.0	13.2	20.58	41.5
Main support products	17.0	18.7	-9.1	16.61	33.5
Others	9.3	8.6	8.1	12.37	25.0
Total	<b>47.8</b>	46.3	3.2	<b>49.56</b>	100.0

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

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

#### (4) Financial Operations

Building on its own business development and the whole industry value chain for coal business, the Group proactively gave full play to the advantages of capital management mechanism of Finance Company and the uniform digital finance platform information technology, so as to push forward high-quality development of the Company. The Company continued to facilitate information technology innovation and realized online transformation of its daily capital planning and management, thereby enhancing its capital management efficiency and liquidity management level. By constantly strengthening effective capital management and accurately analyzing interest rate trend of the market, the Company made timely optimisation and adjustment on its allocation strategy of the interbank deposit category and term. The Company further increased its credit investment, optimised capital and resources allocation and supported its industry structure adjustments. During the reporting period, daily scale of self-operated loans amounted to RMB13.86 billion, a year-on-year increase of 6.2%. At the end of the reporting period, scale of self-operated loans amounted to RMB14.33 billion representing a year-on-year increase of 8.7%; scale of deposits absorbed amounted to RMB52.58 billion representing a year-on-year increase of 60.5%.

**Table on Financial Operations**

*Unit: RMB100 million*

<b>Business types</b>	<b>At the end of June 2021</b>	At the end of June 2020	Change (%)
Scale of deposits absorbed	<b>525.8</b>	327.7	60.5
Placement of interbank deposits	<b>394.6</b>	218.1	80.9
Scale of self-operated loans	<b>143.3</b>	131.8	8.7

#### (5) Synergy among Business Segments

The Group fully capitalised on the advantages of integrated coal, power and chemical industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. During the reporting period, the power plants and coal chemical enterprises of the Company jointly promoted clean utilisation and conversion of coal, and consumed 3.21 million tonnes of self-produced low calorific value coal in total. The coal chemical projects in the regions of Inner Mongolia and Shaanxi exerted more efforts into local transformation of self-produced coal and purchased 1.91 million tonnes of coal from coal mines of the Company. The coal mining equipment business segment achieved internal product sales and services revenue of RMB525 million, representing 10.6% of the total sales revenue of the segment. For the finance segment, newly issued internal loans amounted to RMB2.62 billion in aggregate and the amount of internal loans as at the end of the reporting period was RMB8.73 billion, offering financing convenience with rich varieties and quality service. Hence, financing costs have been lowered and a total of finance expenses amounting to RMB183 million have been saved.

## II. ANALYSIS OF CORE COMPETITIVENESS

The Company's core business segments focus on coal, coal chemical, power generation and coal mining equipment. Leveraging on bases located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu, Xinjiang, etc., and adhering to the development direction of "efficiency enhancement and incremental transformation", the Company is dedicated to becoming a world first-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 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, 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. Projects such as Dahaize Coal Mine and 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 the clean and efficient conversion and utilization of coal, and strives to establish a new circular economic business line for coal, power, chemical, etc. On coal chemical business, the development of modern coal chemical industries such as coal-to-olefins and coal-to-urea is highlighted, the equipment maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products", and major production and operation indicators are still front-rank in the industry. On coal-power business, the Company orderly develops environment-friendly pit-mouth power plants and power plants utilizing inferior coal, facilitates the coal-power integration, and creates the features and advantages of low-cost, high-efficiency, and comprehensive utilization of resources in a proactive manner.

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 industry-leading proportion of seaborne coal resources in the four northern ports of coal. Capitalizing on its own marketing network of coal sales and logistics system, well-established port service and high-caliber professional teams, the Company is able to provide customers with high quality services with excellent capabilities for market exploration and distribution.

The Company is the only large-scale energy enterprise in China, or even in the world, 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 solution, with the advantages of the whole industry chain for coal business. Under the new situation, the Company has a solid business foundation in expanding the market of intelligent transformation of coal mines and providing energy efficiency improvement and comprehensive energy services for 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 strives to push forward the construction of research and development platform to ensure innovative development. It also actively carries out the construction of the first group of national intelligent demonstration coal mines, which opens up the market to intelligent construction. New achievements were made in key technological projects, and the implementation of a batch of national technological projects achieved stage results. Through strengthening the research on key technologies and setting up a special mechanism for key technological projects, the Company made solid progress in two key technological projects, including the “Key Technologies for Rock Burst Prevention and Control in the Areas of Inner Mongolia and Shaanxi”. The Company takes a step forward for digital transformation, and the integration of informatization and industrialization 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 has implemented a reform of the headquarter’s 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 centralized management and control over sales of coal and coal chemical products as well as centralized 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. By promoting the development of the “harmony” culture of “respect and inclusion, trust and support, united minds and actions, and harmonious development”, the Company has established a good corporate image and enhanced staff cohesion.

In recent years, the Company has adhered to the existing strategy and has 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 power generation areas, and has enhanced value-added capabilities of the overall 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 laying a solid foundation for promoting high-quality development of the Company.



## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

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

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The audit and risk management committee under the Board has reviewed the interim results of the Company for the six months ended 30 June 2021. Deloitte Touche Tohmatsu, the external auditor of the Company, conducted an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2021 in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, Deloitte Touche Tohmatsu confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

## **DISCLOSURE OF MAJOR EVENTS**

### **I. DISTRIBUTION OF FINAL DIVIDENDS FOR 2020**

The Company’s plan of profit distribution for the year of 2020 was considered and approved at the Company’s 2020 annual general meeting held on 11 May 2021. Cash dividend of RMB1,771,250,100 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed Company which was RMB5,904,167,000, for the year of 2020 as set out in the consolidated financial statements of 2020 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 RMB0.134 per share (tax inclusive). During the reporting period, the aforesaid dividends were duly paid to the Shareholders.



## **II. INTERIM PROFIT DISTRIBUTION PLAN FOR 2021**

The Company does not distribute any interim profit for 2021 and has no proposal to increase capital stock by transfer of reserve fund.

## **III. ASSETS TRANSACTION**

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

## **IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the six months ended 30 June 2021, save as disclosed in this announcement, 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.

## **V. OTHER DISCLOSED EVENTS**

### **(I) Increase of Annual Caps of Connected Transactions**

On 22 April 2021, the second meeting of the fourth session of the Board in 2021 considered and approved the “Proposal in respect of Adjusting the Annual Caps for Certain Continuing Connected Transactions of the Company for the years from 2021 to 2023”. It was agreed to increase the annual caps for the three years from 2021 to 2023 for the continuing connected transactions in relation to the provision of coal and coal related products and services by the Company to Shanxi Coking Coal Group Co., Ltd. and its subsidiaries, and for the continuing related transactions in relation to the provision of coal and coal related products and services by Zhongtian Synergetic to the Company.

For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 22 April 2021.

### **(II) Disposal of Assets**

On 22 April 2021, Xinjiang Branch of the Company entered into an asset transfer agreement with China Coal Group Xinjiang Energy Co., Ltd. to transfer some real estates, vehicles and office equipment to China Coal Group Xinjiang Energy Co., Ltd. at a transaction amount of RMB65.7248 million. Currently, the aforesaid asset transfer has been completed.

For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 22 April 2021.

### **(III) Extension of Undertaking on Avoiding Horizontal Competition**

On 11 May 2021, the “Proposal on the Application for Change in the Undertaking on Avoiding Horizontal Competition by the Controlling Shareholder upon Expiry” was considered and approved at the annual general meeting. China Coal Group’s application for extending the performance period of the undertaking on avoiding horizontal competition expired on 11 May 2021 to 11 May 2028 was agreed. Contents of the undertaking would be adjusted appropriately based on actual situation. For the contents of the original undertaking that “within 7 years from the date of the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited, China Coal Group will invest its competing equity interests in Import and Export Company (now renamed as China Coal Resources Development Group Company Limited, abbreviated as “Resources Development Company”), Huayu Company and Heilongjiang Coal Chemical Group into China Coal Energy”, it would be changed as “China Coal Group will, by 11 May 2028, transfer to China Coal Energy equity interests held by it in Resources Development Company and Huayu Company whose businesses involve horizontal competition with China Coal Energy under the legal conditions for injection into listed company and upon performing corresponding Board or general meeting procedures by China Coal Energy in accordance with applicable laws, regulations and the Articles of Association.” Apart from such change, China Coal Group will continue to comply with the agreements under the Non-competition Agreement to avoid potential horizontal competition with the Company.

For details, please refer to the relevant announcements published by the Company on the websites of SSE, HKSE and the Company on 24 March and 11 May 2021.

### **(IV) Investment in Industry Fund by a Subsidiary**

On 23 June 2021, Pingshuo Group, a subsidiary of the Company, invested RMB1.0 billion for the acquisition of the stake of Shuozhou Huashuo Jinshi Energy Industry Transformation Parent Fund Partnership (Limited Partnership) Fund, and RMB0.2 billion has been funded.

For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 23 June 2021.

## **VI. SUBSEQUENT EVENT**

On 19 July 2021, the Company successfully registered medium-term notes of RMB5 billion. For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 20 July 2021.

## FORWARD-LOOKING STATEMENT

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

## DEFINITIONS

In this announcement, 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
Directors	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisors	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司)
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Co., Ltd
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Co., Ltd.
The Tuke Project of Methanol Output of 1 Million Tonnes from Synthetic Gas	the project of annual methanol output of 1 million tonnes from synthetic gas of China Coal Ordos Energy Chemical Company Limited
Pingshuo Group	China Coal Pingshuo Group Company Limited
Finance Company	China Coal Finance Co., Ltd.
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited

Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
HKSE	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
RMB	RMB yuan

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

Beijing, the PRC  
25 August 2021

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

*The interim report of the Company for the six months ended 30 June 2021 will be despatched to the Shareholders shortly and will also be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.chinacoalenergy.com](http://www.chinacoalenergy.com)).*