



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

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

# INTERIM REPORT 2022

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

# Chairman's Statement

**Dear Shareholders,**

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

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

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

# Chairman’s Statement

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

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

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

Wang Shudong  
*Chairman*  
Beijing, the PRC  
25 August 2022

# Management Discussion and Analysis of Financial Conditions and Operating Results

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

## I. OVERVIEW

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

*Unit: RMB100 million*

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

*Unit: RMB100 million*

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

## II. OPERATING RESULTS

### (I) Consolidated operating results

#### 1. Revenue

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

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

*Unit: RMB100 million*

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

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

*Unit: RMB100 million*

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



# Management Discussion and Analysis of Financial Conditions and Operating Results

The proportion of revenue net of inter-segmental sales generated from each operating segment of the Group in the Group's total revenue for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

|                                  | Proportion of revenue net of inter-segmental sales (%) |   |   |
|----------------------------------|--|---|---|
|                                  | For the six months ended 30 June 2022                  | For the six months ended 30 June 2021<br>(Restated) | Increase/decrease (percentage point(s)) |
| Coal operations                  | 82.0   | 81.2  | 0.8                                     |
| Coal chemical operations         | 10.3   | 10.3  | 0.0                                     |
| Coal mining equipment operations | 4.0  | 4.3   | -0.3                                    |
| Financial operations             | 0.8  | 0.5   | 0.3                                     |
| Other operations                 | 2.9  | 3.7   | -0.8                                    |

## 2. Cost of sales

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

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

*Unit: RMB100 million*

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## 3. Gross profit and gross profit margin

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

The gross profit and gross profit margin from each operating segment of the Group for the six months ended 30 June 2022 and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## (II) Operating results of segments

### 1. *Coal Operations Segment*

- *Revenue*

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

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

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

★ : Selling price is agency service fee.

☆ : N/A for the period.

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

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

*Unit: RMB100 million*

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

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

*Unit: RMB/tonne*

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

- *Gross profit and gross profit margin*

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

## 2. Coal Chemical Operations Segment

- *Revenue*

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

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2022, cost of sales for the coal chemical operations of the Group increased by 14.7% from RMB8.752 billion for the six months ended 30 June 2021 to RMB10.038 billion, which was mainly attributable to, among other things, the increase in the purchase price of raw material coal and fuel coal, leading to the year-on-year increase of RMB1.214 billion in material costs. The composition of the cost of sales of the Group's coal chemical operations and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

| Item  | For the six months ended 30 June 2022 |                | For the six months ended 30 June 2021<br>(Restated) |                | Year-on-year                |                       |
|---|---------------------------------------|----------------|---|----------------|-----------------------------|-----------------------|
|   | 30 June 2022                          | Percentage (%) | 30 June 2021  | Percentage (%) | Increase/decrease in amount | Increase/decrease (%) |
| Materials costs   | 63.64                                 | 63.4           | 51.50   | 58.8           | 12.14                       | 23.6                  |
| Cost of polyolefin in proprietary trading               | 4.00                                  | 4.0            | 4.13  | 4.7            | -0.13                       | -3.1                  |
| Staff costs   | 4.38                                  | 4.4            | 3.87  | 4.4            | 0.51                        | 13.2                  |
| Depreciation and amortization                           | 14.41                                 | 14.4           | 13.63   | 15.6           | 0.78                        | 5.7                   |
| Repairs and maintenance                                 | 3.61                                  | 3.6            | 3.52  | 4.0            | 0.09                        | 2.6                   |
| Transportation costs and port expenses                  | 4.78                                  | 4.8            | 4.86  | 5.6            | -0.08                       | -1.6                  |
| Sales taxes and surcharges                              | 1.54                                  | 1.5            | 1.69  | 1.9            | -0.15                       | -8.9                  |
| Other costs   | 4.02                                  | 3.9            | 4.32  | 5.0            | -0.30                       | -6.9                  |
| <b>Total cost of sales for coal chemical operations</b> | <b>100.38</b>                         | <b>100.0</b>   | <b>87.52</b>  | <b>100.0</b>   | <b>12.86</b>                | <b>14.7</b>           |



# Management Discussion and Analysis of Financial Conditions and Operating Results

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

*Unit: RMB/tonne*

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

- *Gross profit and gross profit margin*

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

### 3. Coal Mining Equipment Operations Segment

- *Revenue*

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2022, the Group's cost of sales for the coal mining equipment operations increased by 7.3% from RMB4.245 billion for the six months ended 30 June 2021 to RMB4.553 billion. The composition of the Group's cost of sales of the coal mining equipment operations and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

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

- *Gross profit and gross profit margin*

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## **4. Financial Operations Segment**

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

## **5. Other Operations Segment**

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

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

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

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

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## III. CASH FLOW

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

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

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

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

## IV. SOURCES OF CAPITAL

For the six months ended 30 June 2022, the Group's funds were mainly derived from the proceeds generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical, coal mining equipment and power generation operations, repayment of debts payable by the Group, and as the Group's working capital and general recurring expenditures.

During the reporting period, the Group has repaid the loans as well as the principal and interests of the bonds by the agreed time. No overdue or default has occurred.

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## V. ASSETS AND LIABILITIES

### (I) Property, plant and equipment

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

### (II) Mining rights

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

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

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## (V) Borrowings

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

## (VI) Long-term bonds

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

## VI. OVERSEAS ASSETS

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

## VII. SIGNIFICANT CHARGE OF ASSETS

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

## VIII. SIGNIFICANT INVESTMENT

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

## IX. MATERIAL ACQUISITIONS AND DISPOSALS

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## X. ISSUANCE OF CORPORATE BONDS

The goal of registration and issuance of corporate bonds by the Group is to replenish the working capital of the Group and adjust the debt structure. As at 30 June 2022, details of undue corporate bonds issued by the Group are set out as follows.

| Disclosures  | Corporate Bonds   |   |   |   |
|--|---|---|---|---|
|  | 17 China Coal 01  | 18 China Coal 02  | 18 China Coal 06  | 20 China Coal 01  |
| 1. Reason for issue  | To meet the needs of production and operation, and further optimize the debt structure.               | To meet the needs of production and operation, and further optimize the debt structure.   | To meet the needs of production and operation, and further optimize the debt structure.     | To meet the needs of production and operation, and further optimize the debt structure.                           |
| 2. Type of issue   | Public issue  | Public issue  | Public issue  | Public issue  |
| 3. Book value  | RMB100  | RMB100  | RMB100  | RMB100  |
| 4. Issue scale   | RMB1.0 billion  | RMB0.4 billion  | RMB0.8 billion  | RMB3.0 billion  |
| 5. Total proceeds raised after deducting the issuance expenses   | RMB997 million  | RMB399 million  | RMB798 million  | RMB2.997 billion  |
| 6. Bonds balance   | RMB74 million   | RMB0.4 billion  | RMB0.8 billion  | RMB3.0 billion  |
| 7. Coupon rate   | 2.85%   | 5.0%  | 4.89%   | 3.60%   |
| 8. Issue object  | Qualified investor  | Qualified investor  | Qualified investor  | Professional investor   |
| 9. Use details:  |   |   |   |   |
| (1) A detailed breakdown and description of the proceeds for each issue and the purposes for which they are used during the financial year | All the proceeds net of issuance fee were used to repay the Company's due short-term financing bonds. | All the proceeds net of issuance fee were used to replenish the Company and its subsidiaries' working capital and repay the due bank loans. | All the proceeds net of issuance fee were used to repay the due short-term financing bonds. | All the proceeds net of issuance fee were used to repay the interest-bearing debts and replenish working capital. |
| (2) If the proceeds have not been used, provide the different intended use details and descriptions of the relevant proceeds               | –   | –   | –   | –   |
| (3) Whether the use or intended use of the proceeds is in accordance with the plan previously disclosed by the issuer                      | yes   | yes   | yes   | yes   |



# Management Discussion and Analysis of Financial Conditions and Operating Results

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

## XI. ISSUANCE OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS

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

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## XII. RISKS OF EXCHANGE RATE

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

## XIII. RISKS OF COMMODITY VALUE

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

## XIV. INDUSTRY RISKS

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

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## XV. CONTINGENT LIABILITIES

### (I) Bank guarantees

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

Unit: RMB10 thousand

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

# Management Discussion and Analysis of Financial Conditions and Operating Results

## **(II) Environmental protection responsibilities**

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

## **(III) Contingent legal liabilities**

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

For the six months ended 30 June 2022, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

# Business Performance

## I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY

### (I) Coal Operations

#### 1. Coal production

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

**Table on Commercial Coal Production Volume**

*Unit: 10 thousand tonnes*

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

# Business Performance

## 2. Coal sales

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

**Table on Coal Sales**

*Unit: 10 thousand tonnes*

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

# Business Performance

## (II) Coal Chemical Operations

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

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

# Business Performance

**Table on Production and Sales of Coal Chemical Products**

*Unit: 10 thousand tonnes*

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

- Notes:
- The process for manufacturing the Group's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas (CO+H<sub>2</sub>), which is then purified to produce synthetic ammonia or methanol. Synthetic ammonia and carbon dioxide are used to produce urea. Through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene.
  - The urea sales volume of the Group includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group. The project of Lingshi Chinacoal Chemical Co., Ltd. was discontinued and modified in 2022, leading to a year-on-year decrease of urea sales volume.
  - The methanol sales volume of the Group includes internal consumption volume.

## **(III) Coal Mining Equipment Operations**

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



# Business Performance

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

*Unit: RMB100 million*

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

## (IV) Financial Operations

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

**Table on Financial Operations**

*Unit: RMB100 million*

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

# Business Performance

## (V) Synergy among Business Segments

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

## II. ANALYSIS OF CORE COMPETITIVENESS

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

# Business Performance

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

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

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

# Business Performance

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

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

# Investor Relations

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

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

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

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

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

# Investor Relations

## **ENHANCING COMPLIANCE IN INFORMATION DISCLOSURE AND STEADILY FOSTERING ESG DISCLOSURE**

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

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

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

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

# Corporate Governance

## I. OVERVIEW OF CORPORATE GOVERNANCE

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

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

During the reporting period, the Company and its controlling shareholder, China Coal Group, were independent from each other in respect of business, staff, assets and financial affairs. Save for the internal working relationship in the Company, the Directors, the Supervisors and the senior management of the Company were not related to each other in respect of financial, business, family and other material aspects. Save for the service contracts entered into with the Company, the Directors and the Supervisors of the Company had no personal interests, directly or indirectly, in any material contracts entered into by the Company or its subsidiaries in the first half of 2022.

# Corporate Governance

## II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

## III. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

## IV. AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee under the Board has reviewed the interim results of the Company. Ernst & Young, the auditor of the Company, conducted an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2022 in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, Ernst & Young confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.



# Disclosure of Major Events

## I. SHARE CAPITAL STRUCTURE

As at 30 June 2022, the Company's share capital structure was as follows:

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

## II. DISTRIBUTION OF FINAL DIVIDENDS FOR 2021

The Company's plan of profit distribution for the year of 2021 was considered and approved at the Company's 2021 annual general meeting held on 15 June 2022. Cash dividend of RMB3,984,572,400 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed Company of RMB13,281,908,000, for the year of 2021 as set out in the consolidated financial statements of 2021 prepared in accordance with the Chinese Accounting Standards for Business Enterprises. The proposed dividend distribution was based on the Company's entire issued share capital of 13,258,663,400 Shares, representing a dividend of RMB0.301 per share (tax inclusive). As at the date of disclosure of this report, the aforesaid dividends were duly paid to the Shareholders.

## III. INTERIM PROFIT DISTRIBUTION PLAN FOR 2022

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

## IV. ASSETS TRANSACTION

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

# Disclosure of Major Events

## V. INVESTMENT OF THE COMPANY DURING THE REPORTING PERIOD

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

In 2022, the Company's capital expenditure budget closely focused on four major business segments, namely coal, coal chemical, coal mining equipment and power generation, and consisted of four categories, namely infrastructure projects, procurement and maintenance of fixed assets, equity investment and other capital expenditures. The total capital expenditure budgeted for 2022 was RMB14.708 billion. During the reporting period, the actual investment amount was RMB1.764 billion, representing 11.99% of the annual budget. Investment completed mainly concentrated on basic coal and power construction projects, such as Dahaize Coal Mine and auxiliary coal preparation plant project, Libi Coal Mine and auxiliary coal preparation plant project, and Antaibao 2×350MW low calorific value coal power generation project. Affected by the pandemic and safety control, the progress of some projects were lagging behind, while some equity investment, mining rights payment and consideration for production capacity replacement did not temporarily meet the payment conditions, which have also affected the completion of investment.

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

*Unit: RMB100 million*

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

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

*Unit: RMB100 million*

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

# Disclosure of Major Events

## (II) Overall Analysis on External Equity Investments

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

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

For the six months ended 30 June 2022, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term “securities” has the meaning ascribed to it under the Hong Kong Listing Rules) of the Company.

## VII. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, to the knowledge of the Directors, Supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, the interests and/or short positions of the following persons (excluding Directors, Supervisors and chief executive of the Company) in the Company’s shares or underlying shares were as follows:

*Unit: Share*

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

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

Save as disclosed above, as of 30 June 2022, to the best knowledge of the Directors, Supervisors and chief executive of the Company, there were no other persons who were interested or held short positions in the Company’s shares or underlying shares as recorded in the register of interests required to be maintained under section 336 of the Securities and Futures Ordinance.

# Disclosure of Major Events

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

As at 30 June 2022, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which are required to be recorded in the register of interests kept by the Company under Section 352 of the Securities and Futures Ordinance, or which are required to be notified to the Company and HKSE pursuant to the Model Code.

As of 30 June 2022, the Company had not granted any rights to any Directors, Supervisors or chief executive of the Company or any of their spouses or children under 18 years of age to subscribe for the shares or debentures of the Company or its associated corporations, nor did any of the above-mentioned individuals exercise any such rights to subscribe for the aforesaid shares or debentures.

## IX. EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2022, the Company had a total of 44,059 on-the-job employees, including 27,343 production personnel, 1,037 sales personnel, 9,214 technical personnel, 870 financial personnel, 3,159 administrative personnel and 2,436 other personnel.

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

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

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

# Disclosure of Major Events

## X. CHANGES IN DIRECTORS AND SUPERVISORS

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

## XI. OTHER DISCLOSED EVENTS

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

## XII. SUBSEQUENT EVENTS

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

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

## XIII. FORWARD-LOOKING STATEMENTS

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

# Report on Review of Condensed Consolidated Financial Statements



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## TO THE BOARD OF DIRECTORS OF CHINA COAL ENERGY COMPANY LIMITED

*(established in the People's Republic of China with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 46 to 96, which comprises the condensed consolidated statement of financial position of China Coal Energy Company Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standard Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

25 August 2022

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

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

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

|  | <b>Six months ended 30 June</b> |                          |
|--|---------------------------------|--------------------------|
|  | <b>2022</b>                     | 2021                     |
|  | <b>RMB'000</b>                  | RMB'000                  |
|  | <b>(Unaudited)</b>              | (Unaudited/<br>restated) |
| <b>PROFIT FOR THE PERIOD</b>   | <b>19,806,701</b>               | 11,488,263               |
| <b>Other comprehensive income</b>  |                                 |                          |
| <b>Item that will not be reclassified to profit or loss</b>  |                                 |                          |
| Fair value changes on equity instruments at fair value through other comprehensive income, net of tax                        | <u>149,545</u>                  | <u>10,235</u>            |
| <b>Items that may be reclassified subsequently to profit or loss</b>   |                                 |                          |
| Fair value changes on debt instruments at fair value through other comprehensive income, net of tax                          | <b>10,405</b>                   | (8,725)                  |
| Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss | <b>(758)</b>                    | (1,588)                  |
| Exchange differences arising on translation of foreign operations  | <u><b>(6,587)</b></u>           | <u>(16,552)</u>          |
| <b>Other comprehensive income/(expense) for the period, net of tax</b>   | <u><b>152,605</b></u>           | <u>(16,630)</u>          |
| <b>Total comprehensive income for the period</b>   | <u><b>19,959,306</b></u>        | <u>11,471,633</u>        |
| Profit for the period attributable to:   |                                 |                          |
| Equity holders of the Company  | <b>14,529,437</b>               | 8,573,792                |
| Non-controlling interests  | <u><b>5,277,264</b></u>         | <u>2,914,471</u>         |
|  | <u><b>19,806,701</b></u>        | <u>11,488,263</u>        |
| Total comprehensive income for the period attributable to:   |                                 |                          |
| Equity holders of the Company  | <b>14,682,879</b>               | 8,565,062                |
| Non-controlling interests  | <u><b>5,276,427</b></u>         | <u>2,906,571</u>         |
|  | <u><b>19,959,306</b></u>        | <u>11,471,633</u>        |
| <b>Basic and diluted earnings per share for the profit attributable to equity holders of the Company (RMB)</b>               | <u><b>1.10</b></u>              | <u>0.65</u>              |



# Condensed Consolidated Statement of Financial Position

At 30 June 2022

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

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

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

# Condensed Consolidated Statement of Financial Position

At 30 June 2022

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

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

**Wang Shudong**  
*Chairman of the Board  
Executive Director*

**Chai Qiaolin**  
*Chief Financial Officer*

**Zheng Weili**  
*Manager of Finance Department*

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

The interim condensed consolidated financial statements have not been audited.

## 2. BASIS OF PREPARATION

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

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

## 3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

### 3.1 Second Half Year of 2021 Acquisition

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

### 3.1 Second Half Year of 2021 Acquisition (continued)

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

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

### 3.2 2022 Acquisition

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

As the Group and Jing Min Company were under common control of China Coal Group before and after the 2022 Acquisition, the acquisition is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the condensed consolidated financial statements of the Group have been prepared as if Jing Min Company was a subsidiary of the Company ever since it was under common control of China Coal Group.

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

### 3.3 Impacts of business combinations under common control

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

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

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

As a result of the Second Half Year of 2021 Acquisition and 2022 Acquisition, the relevant line items in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six months ended 30 June 2021, have been restated. The following table shows the effect for each individual line item affected:



# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

### 3.3 Impacts of business combinations under common control (continued)

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

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 4. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) (continued)

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) (continued)

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

## 5. ESTIMATES

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

In preparing these interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

## 6. SEGMENTS INFORMATION

### 6.1 General information

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6. SEGMENTS INFORMATION (CONTINUED)

### 6.1 General information (continued)

#### *(b) Reportable operating segments*

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

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

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

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

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6. SEGMENTS INFORMATION (CONTINUED)

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6. SEGMENTS INFORMATION (CONTINUED)

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

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

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



# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6. SEGMENTS INFORMATION (CONTINUED)

### 6.3 Geographical information

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

#### *Analysis of revenue*

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

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

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

*Note:*

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

### 6.4 Major customers

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 7. REVENUE

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 7. REVENUE (CONTINUED)

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 7. REVENUE (CONTINUED)

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 7. REVENUE (CONTINUED)

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

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

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

  

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

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 7. REVENUE (CONTINUED)

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

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

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

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

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

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

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

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

## 8. OTHER INCOME, GAINS AND LOSSES, NET

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

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

## 10. EXPENSES BY NATURE

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

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

Note:

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 11. FINANCE INCOME AND COSTS

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

*Note:*

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

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



# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 12. INCOME TAX EXPENSE

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

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

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

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

## 13. DIVIDENDS

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

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

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

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

## 15. PROPERTY, PLANT AND EQUIPMENT

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

Note:

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 16. MINING RIGHTS

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

## 17. INTANGIBLE ASSETS

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

## 18. LAND USE RIGHTS

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

Note:

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 19. OTHER NON-CURRENT ASSETS

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

Notes:

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

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

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

## 20. INVENTORIES

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

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

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

*Notes:*

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

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

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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

Notes: (continued)

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

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

- (f) Transfers of financial assets

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

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

## 22. CONTRACT ASSETS

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 23. PREPAYMENTS AND OTHER RECEIVABLES

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

Notes:

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

## 24. RESTRICTED BANK DEPOSITS

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

## 25. TRADE AND NOTES PAYABLES

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 25. TRADE AND NOTES PAYABLES (CONTINUED)

Note:

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

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

## 26. ACCRUALS, ADVANCES AND OTHER PAYABLES

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

Notes:

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



# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 27. BORROWINGS

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 27. BORROWINGS (CONTINUED)

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 28. LONG-TERM BONDS

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

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

## 29. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they are related to income taxes levied to the same taxable entity by the same taxation authority.

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

For the six months ended 30 June 2022 (Unaudited)

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 29. DEFERRED INCOME TAX (CONTINUED)

For the six months ended 30 June 2021 (Restated)

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

## 30. PROVISION FOR CLOSEDOWN, RESTORATION AND ENVIRONMENTAL COSTS

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 31. SHARE CAPITAL

|   | Number<br>of Shares<br><i>(thousands)</i> | Share<br>capital<br><i>RMB'000</i> |
|---|---|------------------------------------|
| At 1 January 2021, 31 December 2021 and 30 June 2022:   |   |                                    |
| Domestic shares (“A shares”) of RMB1.00 each            |   |                                    |
| – held by China Coal Group                              | 7,605,208                                 | 7,605,208                          |
| – held by other shareholders                            | 1,546,792                                 | 1,546,792                          |
| H shares of RMB1.00 each                                |   |                                    |
| – held by a wholly-owned subsidiary of China Coal Group | 132,351                                   | 132,351                            |
| – held by other shareholders                            | 3,974,312                                 | 3,974,312                          |
|   | <u>13,258,663</u>                         | <u>13,258,663</u>                  |

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

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

As at 30 June 2022 and 31 December 2021, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H Shares of the Company, representing approximately 1.00% of the Company’s total share capital.

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 32. CASH GENERATED

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 33. CONTINGENT LIABILITIES

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

## 34. COMMITMENTS

### (a) Capital commitments

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

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

### (b) Investment commitments

According to the agreement entered into on 15 July 2006, Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic") was established by the Company, China Petroleum & Chemical Corporation and other three companies. As a shareholder with a 38.75% shareholding, the Company has invested RMB6,787 million in Zhongtian Synergetic as at 30 June 2022 and is committed to further invest RMB481 million by instalments in the future.

According to the agreement entered into in October 2014, Shanxi Jingshen Railway Company Limited ("Jingshen Railway") was established by the subsidiary of the Company, China Coal Shaanxi Yulin Energy & Chemical ("Shaanxi Yulin"), Shaanxi Coal and Chemical Industry Group Co., Ltd., Shaanxi Yulin Coal Distribution Co., Ltd. and other six companies. As a shareholder with a 4% shareholding, Shaanxi Yulin has invested RMB215 million in Jingshen Railway as at 30 June 2022 and is committed to further invest RMB33 million in the future.

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 35.1 Financial risk factors

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

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

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

### 35.2 Fair value estimation

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 35.2 Fair value estimation (continued)

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

| Financial assets                      | Fair value as at       |                       | Fair value hierarchy | Valuation technique(s) and key input(s)   |
|---------------------------------------|------------------------|-----------------------|----------------------|---|
|                                       | 30 June 2022           | 31 December 2021      |                      |   |
|                                       | RMB'000<br>(Unaudited) | RMB'000<br>(Restated) |                      |   |
| Listed equity instruments at FVTOCI   | 22,844                 | 22,288                | Level 1              | Quoted bid prices in an active market   |
| Debt instruments at FVTOCI            | 8,270,183              | 5,954,995             | Level 2              | Discounted cash flow at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period   |
| Unlisted equity instruments at FVTOCI | 2,557,474              | 2,395,546             | Level 3              | Income or market approach, where more appropriate.<br><br>Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.<br><br>Market approach – valuations are derived by reference to observable valuation measures for comparable companies, and adjusted for the differences between the investments and the referenced comparables. |

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 35.2 Fair value estimation (continued)

#### *Reconciliation of Level 3 fair value measurements of financial assets*

##### *Unlisted equity instruments at FVTOCI*

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

Included in other comprehensive income is a gain of RMB161,928,000 (six months ended 30 June 2021 (unaudited): a gain of RMB5,002,000) relating to unlisted equity securities designated as at FVTOCI held at the end of the current reporting period and is reported as changes of “other reserves”.

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

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS

### Transactions and balances with related parties

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

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

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

|   | Six months ended 30 June |             |
|---|--------------------------|-------------|
|   | 2022                     | 2021        |
|   | RMB'000                  | RMB'000     |
|   | (Unaudited)              | (Unaudited) |
| <b>Transactions with the Parent Company and fellow subsidiaries:</b>                                      |                          |             |
| <b>Integrated Materials and Services Mutual Provision (Note (i))</b>                                      |                          |             |
| Purchase of production material, machinery and equipment from the Parent Company and fellow subsidiaries  | 2,475,234                | 1,748,205   |
| Charges for social and supporting services provided by the Parent Company and fellow subsidiaries         | 38,043                   | 20,188      |
| Sales of coal, production material, machinery and equipment to the Parent Company and fellow subsidiaries | 1,954,695                | 1,091,440   |
| Revenue of coal export-related services from the Parent Company and fellow subsidiaries                   | –                        | 844         |
| <b>Mine Construction, Design and General Contracting Services (Note (ii))</b>                             |                          |             |
| Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries  | 1,394,887                | 1,237,056   |
| <b>Property Leasing (Notes (iii) and Notes (iv))</b>  |                          |             |
| Property leasing expenses to the Parent Company and fellow subsidiaries                                   | 40,887                   | 27,887      |

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions and balances with related parties (continued)

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions and balances with related parties (continued)

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

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions and balances with related parties (continued)

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

Notes:

- (i) The Company and China Coal Group entered into an Integrated Materials and Services Mutual Provision Framework Agreement on 5 September 2006, under which the Company provides to China Coal Group and China Coal Group provides to the Company production material and ancillary services, and the Company also provides to China Coal Group export-related services. The agreement was renewed to extend the term to 31 December 2023.
- (ii) The Company and China Coal Group entered into a Mine Construction and Design Framework Agreement on 5 September 2006, followed with a contract renewal under the name of Mine Construction, Mine Design and General Contracting Service Framework Agreement upon its expiry date of 31 December 2008. Subsequently, the Company and China Coal Group extended the contract term and changed its name to Project Design, Construction and General Contracting Framework Agreement when the contract was due on 31 December 2011. The deal mainly included:
- China Coal Group provides the Company with engineering design, construction and general contracting;
  - China Coal Group undertakes projects which the Company subcontracts; and
  - For the engineering design, construction and general contracting, service providers and pricing would be determined in the form of public bidding.

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

- (iii) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three years based on the market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective until December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017, RMB120,000,000 for 2018 to 2020, and RMB280,000,000 for 2021 to 2023.
- (iv) The rental fees are arising from lease payments subject to recognition exemption which are recognised in profit or loss.
- (v) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 5 September 2006, pursuant to which China Coal Group will sell all coal products produced from its retained mines exclusively to the Company, and has undertaken not to sell any such coal products to any third party. The agreement was renewed to extend the term to 31 December 2023.
- (vi) China Coal Finance Co., Ltd. and China Coal Group entered into a Financial Services Framework Agreement on 23 October 2014, under which China Coal Finance Co., Ltd. provides financial services to China Coal Group within its business scope. This agreement was renewed to extend the term to 31 December 2023.
- (vii) The Company and China Coal Group entered into a Trademark License Framework Agreement on 5 September 2006, under which the Company is authorised to use a partial of the registered trademarks of China Coal Group at the cost of RMB1. This agreement was effective for 10 years, and was renewed on 23 August 2016 to extend the term to 22 August 2026.
- (viii) The Company and Shanxi Coking Coal Group Co., Limited (“Shanxi Coking Coal Group”) entered into a Coal and Coal-Related Products and Services Supply Agreement on 23 October 2014, under which the Group purchases the coal and coal-related products and accepts services from Shanxi Coking Coal and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal-related products and accepts services from the Group. The agreement was renewed to extend the term to 31 December 2023.

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

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions and balances with related parties (continued)

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

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

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

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

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

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

- Lease of assets; and
- Retirement benefit plans.

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

# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

### Key management compensation

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

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

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



# Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## **37. EVENTS AFTER THE END OF THE REPORTING PERIOD**

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

## **38. APPROVAL OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

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

# Company Profile

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

## INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

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

## BASIC INFORMATION ABOUT THE COMPANY

|   |  |
|---|--|
| Registered Address and Office Address of the Company  | 1 Huangsidajie Chaoyang District, Beijing, the PRC   |
| Post Code   | 100120   |
| Internet Website  | <a href="http://www.chinacoalenergy.com">http://www.chinacoalenergy.com</a>  |
| Email Address   | IRD@chinacoal.com  |
| Newspapers Designated for Information Disclosure  | China Securities Journal, Securities Daily   |
| Internet Website Designated by CSRC<br>for Publication of Periodical Reports                                    | <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>  |
| Internet Website Designated by The Stock Exchange of<br>Hong Kong Limited for Publication of Periodical Reports | <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>  |
| Location for Inspection of Periodical Reports<br>of the Company   | Securities Affairs Department<br>China Coal Energy Company Limited<br>1 Huangsidajie Chaoyang District, Beijing, China |

## BRIEF INFORMATION ABOUT SHARES OF THE COMPANY

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

# Company Profile

## ACCOUNTING FIRMS OF THE COMPANY

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

## LEGAL ADVISORS OF THE COMPANY

|                                   |  |
|-----------------------------------|--|
| Legal advisor as to PRC law       | Beijing Jiayuan Law Firm   |
| Contact Address                   | Room 407, Ocean Plaza 158 Fuxingmennei Avenue,<br>Xicheng District, Beijing, China |
| Legal advisor as to Hong Kong law | DLA Piper Hong Kong  |
| Contact Address                   | 25/F, Three Exchange Square, 8 Connaught Place<br>Central, Hong Kong               |

## SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

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

# Definitions

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

|   |   |
|---|---|
| Company/China Coal Energy/<br>the Group/the Company | China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries                                      |
| Board of the Company/Board                          | the board of directors of China Coal Energy Company Limited   |
| Director(s)   | the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors    |
| Supervisor(s)                                       | the supervisor(s) of the Company  |
| China Coal Group                                    | China National Coal Group Corporation, the controlling shareholder of the Company   |
| Shanghai Energy Company                             | Shanghai Datun Energy Resources Company Limited   |
| China Coal Shaanxi Company                          | China Coal Shaanxi Yulin Energy & Chemical Company Limited  |
| Finance Company                                     | China Coal Finance Co., Ltd.  |
| Ordos Energy Chemical Company                       | China Coal Ordos Energy Chemical Company Limited  |
| Mengda Chemical Company                             | Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited  |
| China Coal Yuanxing Company                         | Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited  |
| Pingshuo Mine Area                                  | a mining area located in Shanxi Province, mainly comprising Antaibao Open Pit Mine, Anjialing Open Pit Mine as well as East Open Pit Mine |
| Dahaize Coal Mine                                   | Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited   |
| Wangjialing Coal Mine                               | Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited   |
| Libi Coal Mine                                      | Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited   |
| Dongpo Coal Mine                                    | Dongpo Coal Mine of Shanxi Zhongmei Dongpo Coal Industry Co., LTD.  |
| Tangshangou Coal Mine                               | Tangshangou Coal Mine of Shanxi Zhongxin Tangshangou Coal Industry Company Limited  |
| Yihua Mining  | Ordos Yihua Mining Resources Company Limited (鄂爾多斯市伊化礦業資源有限責任公司)  |

# Definitions

|  |  |
|--|--|
| Mengda Mining  | Wushenqi Mengda Mining Company Limited (烏審旗蒙大礦業有限責任公司)   |
| Yinhe Hongtai Company  | Ordos Yinhe Hongtai Coal Power Company Limited (鄂爾多斯市銀河鴻泰煤電有限公司)   |
| Antaibao 2×350MW low calorific value coal power generation project | Antaibao 2×350MW low calorific value coal power generation project of China Coal Antaibao Thermal Power Company Limited  |
| CSRC   | China Securities Regulatory Commission   |
| SASAC  | State-owned Assets Supervision and Administration Commission of the State Council  |
| HKSE   | The Stock Exchange of Hong Kong Limited  |
| HKSE Website   | <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>   |
| SSE  | the Shanghai Stock Exchange  |
| SSE Website  | <a href="http://www.sse.com.cn">www.sse.com.cn</a>   |
| Company Website  | <a href="http://www.chinacoalenergy.com">www.chinacoalenergy.com</a>   |
| Articles of Association  | the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time |
| A Share(s)   | the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB   |
| H Share(s)   | the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars                               |
| Share(s)   | the ordinary shares of the Company, including A Share(s) and H Share(s)  |
| Shareholder(s)   | the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares   |
| Hong Kong Listing Rules  | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| SSE Listing Rules  | the Rules Governing the Listing of Stocks on Shanghai Stock Exchange   |
| RMB  | RMB yuan   |



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Website : [www.chinacoalenergy.com](http://www.chinacoalenergy.com)