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# CHINA COAL ENERGY COMPANY LIMITED\*

中國中煤能源股份有限公司

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

(Stock Code: 01898)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

### FINANCIAL HIGHLIGHTS:

- Revenue of the Group in the first half of 2020 was RMB61.393 billion, representing a year-on-year increase of RMB0.350 billion (or 0.6%).
- Profit attributable to the equity holders of the Company in the first half of 2020 was RMB2.529 billion, representing a year-on-year decrease of RMB1.598 billion (or -38.7%).
- Basic earnings per share during the reporting period amounted to RMB0.19, representing a year-on-year decrease of RMB0.12.
- EBITDA in the first half of 2020 was RMB12.847 billion, representing a year-on-year decrease of RMB1.256 billion (or -8.9%).
- The Company does not distribute interim dividends for 2020.

The Board announces the interim results of the Group for the six months ended 30 June 2020 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The Group's interim results have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu.

\* For identification purpose only

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

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
<b>Revenue</b>		<b>61,393,186</b>	61,042,809
<b>Cost of sales</b>			
Materials used and goods traded		(32,240,470)	(29,706,506)
Staff costs		(2,178,265)	(2,359,707)
Depreciation and amortisation		(4,704,029)	(4,635,697)
Repairs and maintenance		(895,402)	(746,460)
Transportation costs and port expenses		(5,668,138)	(6,317,288)
Sales taxes and surcharges		(1,700,821)	(1,820,406)
Others		(3,889,030)	(3,877,367)
		<b>(51,276,155)</b>	(49,463,431)
<b>Gross profit</b>		<b>10,117,031</b>	11,579,378
Selling expenses		(388,722)	(368,325)
General and administrative expenses		(1,901,964)	(2,027,172)
Other income		1,600	–
Other gains and losses, net		67,228	56,413
Impairment losses under expected credit loss model, net of reversal		(15,417)	(2,096)
<b>Profit from operations</b>		<b>7,879,756</b>	9,238,198
Finance income	5	89,404	43,544
Finance costs	5	(2,467,279)	(2,361,131)
Share of profits of associates and joint ventures		264,148	1,532,759
<b>Profit before income tax</b>		<b>5,766,029</b>	8,453,370
Income tax expense	6	(1,592,100)	(1,974,186)
<b>Profit for the period</b>		<b>4,173,929</b>	6,479,184

		<b>Six months ended 30 June</b>	
		<b>2020</b>	2019
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	(Unaudited) (Restated)
<b>Other comprehensive (expense) income:</b>			
Item that will not be reclassified to profit or loss			
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		<u>(15,173)</u>	<u>(41,018)</u>
Items that may be reclassified subsequently to profit or loss			
Fair value changes on debt instruments at fair value through other comprehensive income, net of tax		<b>28,130</b>	22,344
Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		<b>(9,333)</b>	–
Exchange differences arising on translation of foreign operations		<u>(96)</u>	<u>(468)</u>
		<u><b>18,701</b></u>	<u>21,876</u>
<b>Other comprehensive income (expense) for the period, net of tax</b>		<u><b>3,528</b></u>	<u>(19,142)</u>
<b>Total comprehensive income for the period</b>		<u><b>4,177,457</b></u>	<u>6,460,042</u>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		<b>2,529,122</b>	4,126,958
Non-controlling interests		<b>1,644,807</b>	2,352,226
		<u><b>4,173,929</b></u>	<u>6,479,184</u>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		<b>2,527,991</b>	4,103,155
Non-controlling interests		<b>1,649,466</b>	2,356,887
		<u><b>4,177,457</b></u>	<u>6,460,042</u>
<b>Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB)</b>	<b>8</b>	<u><b>0.19</b></u>	<u>0.31</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2020**

	<i>Notes</i>	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
<b>Non-current assets</b>			
Property, plant and equipment		<b>131,183,699</b>	129,997,971
Right-of-use assets		<b>413,828</b>	433,788
Investment properties		<b>80,680</b>	79,903
Mining rights		<b>42,186,358</b>	38,880,087
Intangible assets		<b>1,523,389</b>	1,627,730
Land use rights		<b>6,122,636</b>	6,154,374
Goodwill		<b>6,084</b>	6,084
Interests in associates		<b>20,826,641</b>	20,886,640
Interests in joint ventures		<b>2,896,382</b>	3,289,977
Equity instruments at fair value through other comprehensive income		<b>2,313,179</b>	2,328,755
Deferred income tax assets		<b>2,828,413</b>	2,775,470
Long-term receivables		<b>610,226</b>	250,012
Other non-current assets		<b>7,446,554</b>	10,732,928
<b>Total non-current assets</b>		<b>218,438,069</b>	217,443,719
<b>Current assets</b>			
Inventories		<b>7,476,127</b>	8,170,403
Trade receivables	9	<b>8,717,045</b>	7,314,547
Debt instruments at fair value through other comprehensive income		<b>4,864,431</b>	6,897,430
Contract assets		<b>1,242,968</b>	953,581
Prepayments and other receivables		<b>6,833,791</b>	6,167,108
Restricted bank deposits		<b>3,685,309</b>	3,376,327
Term deposits with initial terms of over three months		<b>6,537,279</b>	10,090,101
Cash and cash equivalents		<b>24,676,812</b>	12,137,655
<b>Total current assets</b>		<b>64,033,762</b>	55,107,152
<b>TOTAL ASSETS</b>		<b>282,471,831</b>	272,550,871

	<i>Notes</i>	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
<b>Current liabilities</b>			
Trade and notes payables	<i>10</i>	<b>24,812,026</b>	23,270,439
Contract liabilities		<b>1,661,279</b>	2,588,765
Accruals, advances and other payables		<b>16,872,029</b>	18,768,153
Taxes payables		<b>1,034,349</b>	1,001,538
Lease liabilities		<b>54,369</b>	67,329
Short-term borrowings		<b>2,181,462</b>	4,266,347
Current portion of long-term borrowings		<b>19,736,911</b>	22,673,139
Current portion of long-term bonds		<b>13,796,172</b>	10,991,992
Current portion of provision for close down, restoration and environmental costs		<b>70,910</b>	69,762
<b>Total current liabilities</b>		<b>80,219,507</b>	83,697,464
<b>Non-current liabilities</b>			
Long-term borrowings		<b>41,846,370</b>	34,374,705
Long-term bonds		<b>24,126,202</b>	21,934,045
Deferred income tax liabilities		<b>5,925,235</b>	5,866,547
Lease liabilities		<b>435,136</b>	436,194
Provision		<b>34,663</b>	35,457
Provision for employee benefits		<b>114,556</b>	101,142
Provision for close down, restoration and environmental costs		<b>3,266,637</b>	3,247,028
Deferred revenue		<b>1,522,860</b>	1,578,842
Other long-term liabilities		<b>5,363,156</b>	4,001,921
<b>Total non-current liabilities</b>		<b>82,634,815</b>	71,575,881
<b>Total liabilities</b>		<b>162,854,322</b>	155,273,345
<b>Equity</b>			
Share capital		<b>13,258,663</b>	13,258,663
Reserves		<b>47,381,433</b>	47,108,224
Retained earnings		<b>37,237,786</b>	36,681,075
Equity attributable to the equity holders of the Company		<b>97,877,882</b>	97,047,962
Non-controlling interests		<b>21,739,627</b>	20,229,564
<b>Total equity</b>		<b>119,617,509</b>	117,277,526
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>282,471,831</b>	272,550,871

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2020

### 1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### 2.1 Going Concern

As at 30 June 2020, the Group’s current liabilities exceeded its current assets by approximately RMB16,186 million. When the Group needs money to repay the short-term debts or make investments, the Group can finance the fund by the following ways:

- On 10 March 2020, the Company obtained the approval from China Securities Regulatory Commission to issue corporate bonds up to a maximum amount of RMB10,000,000,000 to professional investors. On 18 March 2020, the Company has issued the first tranche of corporate bonds with a principal amount of RMB3,000,000,000, the remaining RMB7,000,000,000 can be issued when necessary;
- On 16 March 2020, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue medium-term note up to a maximum outstanding amount of RMB5,000,000,000, the Company has issued RMB1,500,000,000 and RMB500,000,000 in April 2020, the remaining RMB3,000,000,000 can be issued with future financing arrangements;
- Unutilised bank facilities are available for draw-down when necessary; and
- Other sources of financing are available given the Group’s credit rating and long-term relationship with reputable domestic banks and other financial institutions.

After making enquiries, the directors of the Company have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the condensed consolidated financial statements.

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

#### **3.1 2019 Acquisition**

The Group completed the acquisition from China Coal Group the 100% equity interest in Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd. (“Dongrisheng Company”), which was previously acquired by China Coal Group on 1 January 2018, for a cash consideration of RMB24,318,000 on 19 March 2019. The acquisition was referred to as the “2019 Acquisition”.

#### **3.2 2020 Acquisition**

On 30 April 2020, the Group acquired the 51% equity interest in China Coal Xinji Intelligent Technology Co., Ltd (“Xinji Company”) for a cash consideration of RMB30,076,000. The acquisition was referred to as the “2020 Acquisition”.

As the Group and Xinji Company were under common control of China Coal Group before and after the 2020 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 Xinji Company was a subsidiary of the Company ever since it became under common control of China Coal Group.

Accordingly, the condensed consolidated statement of financial position as at 31 December 2019 has been restated to include the assets and liabilities of Xinji Company at carrying amounts in the books of China Coal 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 2019 have been restated to include the results and cash flows of Xinji Company as if Xinji Company was a subsidiary of the Company throughout the six months ended 30 June 2019. Respective notes to the condensed consolidated financial statements have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

As a result of the 2020 Acquisition, the relevant line items in the condensed consolidated statement of financial position as at 31 December 2019 have been restated. The following table shows the effect for each individual line item affected:

	<b>The Group (as previously reported)</b>	<b>Effect of the 2020 Acquisition</b>	<b>Eliminations</b>	<b>The Group (Restated)</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Condensed consolidated statement of financial position at 31 December 2019:</b>				
<b>Non-current assets</b>				
Property, plant and equipment	129,997,871	100	–	129,997,971
Intangible assets	1,627,726	4	–	1,627,730
Deferred income tax assets	2,775,209	261	–	2,775,470
<b>Current assets</b>				
Inventories	8,170,288	115	–	8,170,403
Trade receivables	7,316,222	2,523	(4,198)	7,314,547
Prepayments and other receivables	6,084,181	82,927	–	6,167,108
Cash and cash equivalents	12,137,419	236	–	12,137,655
<b>Current liabilities</b>				
Trade and notes payables	23,249,507	25,130	(4,198)	23,270,439
Accruals, advances and other payables	18,764,686	3,467	–	18,768,153
Taxes payables	1,000,575	963	–	1,001,538
<b>Equity</b>				
Share capital	13,258,663	50,000	(50,000)	13,258,663
Reserves	47,082,724	2,309	23,191	47,108,224
Retained earnings	36,677,706	4,297	(928)	36,681,075
Non-controlling interests	20,201,827	–	27,737	20,229,564



As a result of the 2020 Acquisition, the relevant line items in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019, have been restated. The following table shows the effect for each individual line item affected:

	<b>The Group (as previously reported)</b>	<b>Effect of the 2020 Acquisition</b>	<b>Eliminations</b>	<b>The Group (Restated)</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019:</b>				
Revenue	61,031,699	13,110	(2,000)	61,042,809
Cost of sales	(49,457,273)	(8,158)	2,000	(49,463,431)
General and administrative expenses	(2,024,394)	(2,778)	–	(2,027,172)
Finance income	43,541	3	–	43,544
Finance costs	(2,361,130)	(1)	–	(2,361,131)
Income tax expense	(1,973,642)	(544)	–	(1,974,186)
Profit for the period attributable to:				
Equity holders of the Company	4,126,126	1,632	(800)	4,126,958
Non-controlling interests	2,351,426	–	800	2,352,226
Total comprehensive income for the period attributable to:				
Equity holders of the Company	4,102,323	1,632	(800)	4,103,155
Non-controlling interests	2,356,087	–	800	2,356,887

#### 4. SEGMENTS INFORMATION

##### 4.1 General information

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

The chief operating decision maker (“CODM”) has been identified as the President Office (總裁辦公室).

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

**(b) Operating and reportable segments**

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

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

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

**4.2 Information about operating and reportable segment profit or loss, assets and liabilities**

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

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

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

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

	For the six months ended 30 June 2020 (Unaudited) and as at 30 June 2020 (Unaudited)								
	Coal	Coal - chemical products	Mining machinery	Finance	Others	Total segment	Unallocated	Inter- segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>									
Total revenue	48,244,478	8,094,764	4,561,222	575,436	3,255,861	64,731,761	-	(3,338,575)	61,393,186
Inter-segment revenue	(1,869,837)	(124,634)	(603,932)	(207,952)	(532,220)	(3,338,575)	-	3,338,575	-
Revenue from external customers	<u>46,374,641</u>	<u>7,970,130</u>	<u>3,957,290</u>	<u>367,484</u>	<u>2,723,641</u>	<u>61,393,186</u>	<u>-</u>	<u>-</u>	<u>61,393,186</u>
<b>Segment results</b>									
Profit (loss) from operations	6,147,947	894,932	244,042	405,240	435,454	8,127,615	(145,120)	(102,739)	7,879,756
Profit (loss) before income tax	5,556,789	245,047	224,205	404,959	317,767	6,748,767	(971,301)	(11,437)	5,766,029
Interest income	213,435	19,753	2,964	-	7,153	243,305	660,995	(814,896)	89,404
Interest expense	(1,109,893)	(566,533)	(47,545)	-	(125,726)	(1,849,697)	(1,525,547)	905,543	(2,469,701)
Depreciation and amortisation	(2,955,252)	(1,489,192)	(200,084)	(693)	(313,468)	(4,958,689)	(8,755)	-	(4,967,444)
Share of profits (losses) of associates and joint ventures	309,380	(99,672)	18,943	-	(2,669)	225,982	38,166	-	264,148
Income tax expense	(1,396,521)	(65,832)	(15,105)	(105,722)	(7,336)	(1,590,516)	-	(1,584)	(1,592,100)
<b>Other material non-cash items</b>									
(Provision for) reversal of impairment of other assets	490	11,040	(17,903)	12,597	(16,265)	(10,041)	(183)	(18,416)	(28,640)
Addition to non-current assets	3,497,515	918,678	145,762	-	1,133	4,563,088	5,389	-	4,568,477
<b>Segment assets and liabilities</b>									
Total assets	<u>153,224,986</u>	<u>59,676,109</u>	<u>16,743,255</u>	<u>24,300,250</u>	<u>16,656,019</u>	<u>270,600,619</u>	<u>26,113,425</u>	<u>(14,242,213)</u>	<u>282,471,831</u>
Including: interests in associates and joint ventures	<u>7,386,655</u>	<u>11,474,014</u>	<u>919,749</u>	<u>-</u>	<u>112,331</u>	<u>19,892,749</u>	<u>3,830,274</u>	<u>-</u>	<u>23,723,023</u>
Total liabilities	<u>58,787,816</u>	<u>18,342,881</u>	<u>6,439,338</u>	<u>5,800,582</u>	<u>9,710,108</u>	<u>99,080,725</u>	<u>76,861,670</u>	<u>(13,088,073)</u>	<u>162,854,322</u>

For the six months ended 30 June 2019 (Unaudited) (Restated) and as at 31 December 2019 (Audited) (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	48,481,358	9,407,224	4,120,192	543,321	2,347,945	64,900,040	-	(3,857,231)	61,042,809
Inter-segment revenue	(2,412,207)	(190,941)	(614,889)	(180,418)	(458,776)	(3,857,231)	-	3,857,231	-
Revenue from external customers	<u>46,069,151</u>	<u>9,216,283</u>	<u>3,505,303</u>	<u>362,903</u>	<u>1,889,169</u>	<u>61,042,809</u>	<u>-</u>	<u>-</u>	<u>61,042,809</u>
<b>Segment results</b>									
<b>Profit (loss) from operations</b>	7,761,540	1,334,487	165,253	355,647	(143,673)	9,473,254	(157,450)	(77,606)	9,238,198
<b>Profit (loss) before income tax</b>	7,496,734	1,573,105	132,036	355,336	(197,770)	9,359,441	(922,694)	16,623	8,453,370
Interest income	39,065	24,865	6,439	-	3,471	73,840	732,950	(763,246)	43,544
Interest expense	(864,798)	(641,215)	(42,628)	-	(57,462)	(1,606,103)	(1,608,344)	858,619	(2,355,828)
Depreciation and amortisation	(2,963,572)	(1,413,634)	(201,837)	(597)	(276,157)	(4,855,797)	(8,640)	-	(4,864,437)
Share of profits of associates and joint ventures	583,327	837,895	2,231	-	-	1,423,453	110,608	(1,302)	1,532,759
Income tax (expense) credit	(1,733,733)	(127,758)	(14,856)	(88,872)	44,097	(1,921,122)	(52,262)	(802)	(1,974,186)
<b>Other material non-cash items</b>									
(Provision for) reversal of impairment of other assets	(15,055)	(2,491)	2,309	(13,722)	1,263	(27,696)	-	16,284	(11,412)
<b>Addition to non-current assets</b>	3,469,241	868,748	196,684	488	956,351	5,491,512	2,617	-	5,494,129
<b>Segment assets and liabilities</b>									
Total assets	<u>158,821,352</u>	<u>58,857,474</u>	<u>16,471,627</u>	<u>22,301,344</u>	<u>11,588,123</u>	<u>268,039,920</u>	<u>21,198,514</u>	<u>(16,687,563)</u>	<u>272,550,871</u>
Including: interests in associates and joint ventures	<u>7,581,633</u>	<u>11,734,418</u>	<u>901,124</u>	<u>-</u>	<u>105,000</u>	<u>20,322,175</u>	<u>3,854,442</u>	<u>-</u>	<u>24,176,617</u>
Total liabilities	<u>69,538,778</u>	<u>29,407,744</u>	<u>6,865,944</u>	<u>19,835,299</u>	<u>8,355,675</u>	<u>134,003,440</u>	<u>35,844,113</u>	<u>(14,574,208)</u>	<u>155,273,345</u>

### 4.3 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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
Domestic markets	<b>61,024,723</b>	60,630,182
Overseas markets	<b>368,463</b>	412,627
	<b><u>61,393,186</u></b>	<b><u>61,042,809</u></b>

### *Analysis of non-current assets*

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
Domestic markets	208,452,857	207,325,921
Overseas markets	594	771
	<b>208,453,451</b>	<b>207,326,692</b>

*Note:*

The non-current assets above exclude financial instruments and deferred income tax assets.

#### **4.4 Major customers**

No revenue from transaction with single external customer was amounted to 10% or more of the Group's revenue for the six months ended 30 June 2020 and 2019.

#### **5. FINANCE INCOME AND COSTS**

	<b>Six months ended 30 June</b>	
	<b>2020 RMB'000 (Unaudited)</b>	2019 RMB'000 (Unaudited) (Restated)
Finance income:		
– Interest income on bank deposits	44,361	43,544
– Interest income on loans receivables	45,043	–
Total finance income	<b>89,404</b>	43,544
Interest expense:		
– Borrowings	1,563,495	1,676,160
– Bonds payable	902,129	895,949
– Unwinding of discount	121,245	89,331
– Lease liabilities	13,304	13,591
Other incidental bank charges	2,613	8,665
Net foreign exchange gains	(5,035)	(3,362)
	<b>2,597,751</b>	2,680,334
Less: amounts capitalised on qualifying assets	<b>(130,472)</b>	(319,203)
Total finance costs	<b>2,467,279</b>	2,361,131
Finance costs, net	<b>2,377,875</b>	2,317,587

*Note:*

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

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Capitalisation rates used to determine the amount of finance costs eligible for capitalisation	<u>1.20%-4.80%</u>	<u>3.43%-5.70%</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Restated)
Current income tax		
– PRC enterprise income tax ( <i>Note</i> )	1,592,383	2,004,558
Deferred income tax	<u>(283)</u>	<u>(30,372)</u>
	<u>1,592,100</u>	<u>1,974,186</u>

*Note:*

The provision for the PRC enterprise income tax is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in both periods is 25% of the assessable profit of each of the companies now comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rate of 15% based on the relevant PRC tax laws and regulations.

## 7. DIVIDENDS

During the current interim period, a final dividend of RMB0.127 per share in respect of the year ended 31 December 2019 (six month ended 30 June 2019: RMB0.078 per share in respect of the year ended 31 December 2018), comprising 13,258,663,400 shares existed as at 31 December 2019 was approved at the annual general meeting of the Company held on 16 June 2020. The aggregate amount of the final dividend approved in the current interim period amounted to RMB1,683,946,000 (2018 final dividend approved during the six months ended 30 June 2019: RMB1,034,177,000).

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2019 (Unaudited): Nil).

## 8. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2020 and 2019 is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,400 ordinary shares in issue during both periods.

As the Company had no potential ordinary shares in issue for the six months ended 30 June 2020 and 2019, diluted earnings per share are presented equals to basic earnings per share.

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
Trade receivables ( <i>Notes (a), (b) and (c)</i> )	<b>8,717,045</b>	7,314,547
Debt instruments at FVTOCI ( <i>Notes (d) and (e)</i> )	<b>4,864,431</b>	6,897,430

*Notes:*

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
Within 6 months	<b>6,286,908</b>	5,167,134
6 months – 1 year	<b>1,167,226</b>	1,206,096
1 – 2 years	<b>920,479</b>	645,842
2 – 3 years	<b>210,642</b>	193,327
Over 3 years	<b>669,152</b>	623,302
Trade receivables, gross	<b>9,254,407</b>	7,835,701
Less: Allowance for credit losses	<b>(537,362)</b>	(521,154)
Trade receivables, net	<b>8,717,045</b>	7,314,547

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

The Group does not hold any collateral as security.

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

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
RMB	<b>8,715,576</b>	7,310,151
US Dollar ("USD")	<b>1,469</b>	4,396
	<b><u>8,717,045</u></b>	<b><u>7,314,547</u></b>

- (c) The carrying amounts of trade receivables approximate to their fair values.
- (d) Debt instruments at FVTOCI are notes receivables which were considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivables are principally bank accepted notes with maturity of less than one year (31 December 2019 (Audited): less than one year).

As at 30 June 2020, debt instruments at FVTOCI of RMB311,699,000 (31 December 2019 (Audited): RMB447,055,000) were pledged to banks for issuing notes payables amounting to RMB313,812,000 (31 December 2019 (Audited): RMB446,973,000).

As at 30 June 2020, debt instruments at FVTOCI of RMB19,915,000 (31 December 2019 (Audited): RMB8,958,000) were also pledged to banks for borrowings amounting to RMB19,915,000 (31 December 2019 (Audited): RMB9,000,000).

- (e) Transfers of financial assets

As at 30 June 2020, debt instruments at FVTOCI of RMB19,915,000 (31 December 2019 (Audited): RMB8,958,000) and RMB752,547,000 (31 December 2019 (Audited): RMB1,128,057,000) were discounted to banks or endorsed to suppliers of the Group, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivables.

As at 30 June 2020, the Group endorsed or discounted notes receivables to suppliers or banks, respectively, aggregating to RMB2,501,653,000 (31 December 2019 (Audited): RMB4,483,713,000). In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership relating to these notes receivables and, accordingly, the Group fully derecognised the carrying amounts of these notes receivables and associated trade payables. The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivables equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivables are not significant.



## 10. TRADE AND NOTES PAYABLES

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
Trade payables ( <i>Note</i> )	<b>20,454,136</b>	18,727,585
Notes payables	<b>4,357,890</b>	4,542,854
	<b>24,812,026</b>	23,270,439

*Note:*

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited) (Restated)
Less than 1 year	<b>16,856,008</b>	15,513,381
1 – 2 years	<b>1,188,716</b>	967,444
2 – 3 years	<b>599,590</b>	542,438
Over 3 years	<b>1,809,822</b>	1,704,322
	<b>20,454,136</b>	18,727,585

## 11. ACQUISITION OF A SUBSIDIARY

Up to 14 April 2020, China Coal Pingshuo Group Company Limited, a subsidiary of the Group finally completed acquisition of the 100% equity interests in Shanxi China Coal Panjiayao Coal Co., Ltd. (山西中煤潘家窑煤業有限公司) (“Panjiayao”) and the total consideration is RMB2,882,909,000, which is estimated to include the delivery of agreed quantity of coal over agreed time span. On acquisition completion date, Panjiayao primarily owns coal mining rights, land use rights and coal mining structures under construction but has not yet commenced any business or operations. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

**Assets and liabilities recognised at the date of acquisition are as follows:**

	<b>RMB'000</b> (Unaudited)
<b>Current assets</b>	
Cash and cash equivalents	8,208
Prepayments and other receivables	80
<b>Non-current assets</b>	
Property, plant and equipment	1,799,833
Mining rights	3,187,045
Land use rights	10,915
<b>Current liabilities</b>	
Accruals, advances and other payables	(2,123,172)
Net assets acquired	<u>2,882,909</u>
Total consideration ( <i>Note</i> )	<u>2,882,909</u>

*Note:* RMB1,309,675,000 of the consideration was prepaid as prepayments for long-term investments in prior years and the remaining consideration has been included in payables for acquisition of subsidiaries and other long-term liabilities as at 30 June 2020.

	<b>RMB'000</b> (Unaudited)
<b>Net cash inflow arising on acquisition:</b>	
Consideration paid in cash	–
Less: Bank balances and cash acquired	<u>8,208</u>
	<u>8,208</u>

## CHAIRMAN'S STATEMENT

### Dear Shareholders:

In the first half of the year, facing the severe challenges brought by the COVID-19 pandemic and the complex and changing situations at home and abroad, the whole nation united in a concerted response to contain the pandemic and to push forward the development of the economy and the society. The prevention and control of the pandemic continued to make progress while the social and economic order steadily restored, which further manifested the resilience and vitality of the economy of China. China Coal Energy resolutely implemented all decisions and deployments made by the Party Central Committee and the State Council, and actively responded to the challenges while maintaining stability. The Company focused on prevention and control of the pandemic on one hand, and resumption of operation and production as well as operation and management on the other. The Company adhered to people-oriented principles and prioritized life safety, achieving zero infection among nearly 40,000 employees. With our full dedication to safeguard the energy supply, the sales volume of major products reached its new peak, and the revenue of the Company maintained a year-on-year increase and amounted to RMB61.4 billion. The Company strictly adhered to cost control, enhanced quality and effectiveness, and continued to give full play of the transformation and upgrading results. Despite the significant drop of the price in the major products including coal and coal chemicals, the Company maintained stable production and operation. The profit before tax of the Company reached RMB5.77 billion; profit attributable to the equity holders of the Company amounted to RMB2.53 billion. The net inflow of operating cash generated from production and sales activities continued to reach over RMB10 billion.

By focusing on its primary responsibilities and businesses and its commitment to scientific development, the Company continued to adjust its layout and optimize the industrial structure. Centering on coal-power integrated development, the Company endeavored to make good use of the existing resources, optimize increment, improve quality, and enhanced value-added capabilities from the synergy effect of industry value chains, so as to promote sustainable development of the Company. With the stable operation of the 2×660MW Second Power Plant Project located in the north of Wucai Bay, Zhundong, Xinjiang and the 2×350MW thermal power project of Shanghai Energy Company, the Company continued to benefit from the increasing advantage of the coal-power integration and realized profits of RMB300 million for the first half of the year. Construction of projects such as Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal and Libi Coal Mine with an annual output of 4 million tonnes of anthracite was in smooth progress; Yilan No. 3 Coal Mine with an annual output of 2.40 million tonnes of thermal coal will realize combined trial operation within this year; formalities relating to the mining rights of the expanded area of Antaibao were being handled steadily as scheduled; the 2×350MW Thermal Power Project of Pingshuo Company is about to resume its construction. With the commencement of installation work for major equipment of the Tuke Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas and the orderly pushing forward of the Yulin Phase II Coal-Based Olefin Project, coal-chemical operations of the Company continued to expand, and the development momentum was significantly enhanced. With the establishment of the West Coal Trading Company, the Company forms the new sales layout in Western China covering regions including Inner Mongolia, Shaanxi, Xinjiang, Gansu, Sichuan and Chongqing. Coverage of its nationwide marketing network was thus improved and the market influence and synergy of production and sales were significantly enhanced as well.

By focusing on improving quality and efficiency, optimizing production and sales structure, the Company continued to enhance the level of lean management. In the first half of the year, the Company strived to overcome adverse factors by rationally organizing production and strengthening the coordination among production, delivery and sales, and thus achieved production volume of commercial coal reached 53.07 million tonnes, representing a year-on-year increase of 5%. The Company accurately assessed market situations, flexibly adjusted sales strategies, proactively expanded its market and fully safeguarded the energy supply. As a result, coal sales volume amounted to 115.63 million tonnes, hitting its historical high as compared with the corresponding periods. Coal-chemical enterprises actively responded to the adverse effects of logistics disruption, maintained a balance between production and sales of coal chemicals while completing overhaul of the facilities on schedule, and thus achieved an output of 763,000 tonnes of polyolefin and 866,000 tonnes of urea. Coal mining equipment enterprises focused on market development and seized high quality orders, achieving a stable increase in contract volume, and the production value of coal mining equipment products amounted to RMB4.63 billion, representing a year-on-year increase of 7.4%. With respect to financial operations, China Coal Finance Company aimed at supporting the responsibilities and the businesses of the Group, seized profitable market opportunities and timely adjusted of the deployment strategy on the terms of interbank deposits to improve the efficiency of capital concentration, therefore maintaining a year-on-year increase of total operating revenue and profit. With an aim to continuously strengthen its capability to create value, the Company proactively enhanced its management by the management improvement activity of “Benchmarking against the First Class” to consolidate its strengths and improved its weaknesses. The Company also achieved significant results to improve quality and effectiveness while strengthening cost control through continuous targeted actions and thus continuously improving the Company’s profitability.

By deepening reform and innovation and strengthening science and technology, the Company strived to promote high-quality development. The “Double-Hundred Action” (雙百行動) was implemented properly with the board of directors set up in the “Double-Hundred” pilot enterprises and the corporate governance system continuously improved. The Company has implemented the Strategy of “Talents to Revitalize the Enterprise” by continuously improving the employee quality and creating good environment for the talent growth. The Three System Reforms were carried out to further optimize the Company’s market-based operation mechanism. The intelligent construction of the Dahaize Coal Mine is progressing as planned, and Menkeqing, Wangjialing and other coal mines have achieved intelligent safety and normal mining operation in five working dimensions with key technical indicators leading the industry. By vigorously pushing forward technological research and innovation, the Company obtained more than 120 patents in the first half of the year, continuously improving its technological innovation capabilities and core competitiveness and maintaining the leading position in the industry. With an aim to strengthening scientific research, the Company established three coal-chemical research institutes, achieving new results in developing new coal-chemical products and production differentiation and social and economical benefits.

By strengthening risk management and control, the Company fulfilled social responsibilities, and further promoted safe and green development of the Company. Since the Company paid close attention to safety management and control, implemented safety responsibilities at all levels, and maintained a stable momentum in safe production, providing a firm foundation for the orderly progression of our key areas of work. The Company continued to increase investment in ecological environmental protection, and took firm steps to enhance risk management and control for ecological environmental protection. During the first half of the year, there were no major environmental violations or unexpected environmental incidents, indicating significant results in our various efforts made for ecological environmental protection. The Company has been playing an active role in fulfilling its social responsibilities. During the outbreak of the pandemic, the production at the major mines of Pingshuo Company and Shanghai Energy Company remained undisrupted production, which ensured coal supply in key regions and during key periods. Coal-chemical enterprises promptly switched to the manufacturing of 25,000 tonnes of polypropylene fabrics used in the production of face masks and protective clothing, ensuring adequate supplies of pandemic prevention materials. The Company has successfully issued the first corporate bonds under the “registration-based system” in China which marks the first batch acceptance, first batch registration and first batch issuance, and represents the Company’s responsibility as a listed central state-owned-enterprise (SOE) in the implementation of “registration-based system” under the new Securities Law.

On behalf of the Board of the Company, I hereby would like to express my heartfelt appreciation to all Shareholders and people from all walks of life for their concerns and supports to the Company.

At present, as the pandemic is still ravaging around the world, the impact on the global economy will continue with external risks and challenges on the rise, which will surely bring more intense pressure to the pace of domestic economic recovery. Facing such severe and complex economic situations, China is speeding up the construction of a new development pattern of “domestic cycle as the main body, domestic and international dual cycle mutual promotion”, and normalize the coordinated efforts for the prevention and control of the pandemic and the economic and social development. Currently, major strategic breakthroughs in pandemic prevention and control have been made in China. The domestic economy development shows a steady turn for the better. A series of policies that aim to motivate the enthusiasm of market players continue to work, renewing opportunities for rapid recovery of the domestic economy. With the coal industry under recovery as a whole, it is expected that the overall coal price will hover in the green zone and the Company will maintain stable operation in general in the second half of the year.

In the second half of the year, the Company will continue to implement the new concept of development, uphold the general tone of making progress while maintaining stability, make coordinated efforts to push ahead all tasks, and comprehensively promote high-quality development in operation, development, management and risk prevention and control to a new level. Firstly, with respect to improving operation quality, the Company will promote convergence between production and marketing, reasonably release advanced production capacity, strengthen marketing promotion, and make the best efforts to increase production, income and efficiency, so as to ensure the achievement of key production and operation targets and priority tasks for the year. Secondly, with respect to improving development quality, the Company will enhance strategic guidance by meticulously formulating the “14th Five-Year” development plan of the Company, and with the supply-side structural reforms as the principal line, the Company will strongly push ahead the transformation and upgrade of the coal-electricity-chemical industries, take an active role in cultivating a new-energy and new-material manufacturing industry, and promote the synergetic development of strategic emerging industries and existing principal businesses. Thirdly, with respect to improving management quality, the Company will continuously focus on reform and innovation, take the opportunities of the three-year-action-plan for SOE reform to deepen reforms such as the “Three System Reforms” and the “Double-Hundred Enterprises” (雙百企業) and pushed forward major technology R&D projects and breakthroughs for core technologies, in order to speed up the transformation of the development momentum and strengthen the Company’s core competitiveness. The Company will continue to focus on promoting quality and efficiency and strengthening management to world first class so as to achieve a stable growth in economic benefits, and push ahead the construction of a world-class high-quality energy enterprise. Fourthly, with respect to improving risk prevention and control quality, the Company will solidly progress the three-year special renovation campaign for production safety to enhance intrinsic safety and effectively manage significant production and operation risks. The Company will also stay consistently prudent in adhering to normalized pandemic prevention and control measures to ensure the continuous, sound and stable development of the Company.

2020 is destined to be an extraordinary year. China Coal Energy will remain true to its original aspiration, keep its mission firmly in mind, strengthen its responsibility and undertakings and reinforce its bottom-line thinking. The Company will spare no efforts with high morale in an uncompromising and continuous fighting manner, and strive to build a world-class energy enterprise with international competitiveness and create greater value for our investors.

## 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 International Accounting Standard 34 "Interim Financial Reporting".

### I. OVERVIEW

In the first half of 2020, the COVID-19 pandemic and the sharp decline in the market prices of coal and coal-chemical products had a great impact on the Group's coal and coal-chemical businesses, which led to a significant year-on-year decrease in the share of profits of associates and joint ventures. In face of difficulties and challenges, the Group firmly stuck to high-quality development and insisted on consolidating and deepening the results of supply-side structural reforms. Output of self-produced commercial coal was 53.07 million tonnes, representing a year-on-year increase of 2.51 million tonnes, in which, all produced coal was sold out, staying in its upward trend. The Group reasonably controlled costs, with its unit cost of sales of self-produced commercial coal recording a year-on-year decrease of RMB20.07/tonne. The Group leveraged its advantages in market deployment and marketing network, realizing sales volume of trading coal of 61.57 million tonnes, representing a year-on-year increase of 12.30 million tonnes. For coal-chemical business, the Company enhanced lean management with safe, efficient and stable operations, and the profitability maintained an advanced level in the industry. For coal mining equipment business, the Company steadily promoted the "Double-Hundred Action". The vitality of systems and mechanisms has continued to increase, and revenue and profits have both achieved a year-on-year growth. Financial operations continued to serve the members of the Group with management innovation and technology innovation with the main operating indicators hitting the highest level in history again as compared with the previous corresponding period. The 2×660MW Second Power Plant located in the north of Wucui Bay, Zhundong, Xinjiang and other key power projects were put into operation, effectively exerting industrial synergy. By the above mentioned efforts, despite of the year-on-year decrease of profits in the first half of the year, the Group maintained a steady expansion in its operating scale and realized revenue of RMB61.393 billion, representing a year-on-year increase of RMB350 million. The Group realized net cash generated from operating activities of RMB9.178 billion, in which, after a decrease in absorption of deposits of members other than China Coal Energy by the China Coal Finance Company was excluded, a net cash inflow of RMB12.358 billion was generated from production and sales activities, representing a year-on-year increase of RMB386 million, which demonstrated the Group's ability to maintain strong operations and cash-generating capacity.

*Unit: RMB100 million*

	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019 (Restated)	<b>Year-on-year Increase/ decrease in amount</b>	<b>Increase/ decrease (%)</b>
Revenue	<b>613.93</b>	610.43	3.50	0.6
Cost of sales	<b>512.76</b>	494.63	18.13	3.7
Gross profit	<b>101.17</b>	115.80	-14.63	-12.6
Profit from operations	<b>78.80</b>	92.38	-13.58	-14.7
Share of profits of associates and joint ventures	<b>2.64</b>	15.33	-12.69	-82.8
Profit before income tax	<b>57.66</b>	84.53	-26.87	-31.8
EBITDA	<b>128.47</b>	141.03	-12.56	-8.9
Profit attributable to the equity holders of the Company	<b>25.29</b>	41.27	-15.98	-38.7
Net cash generated from operating activities	<b>91.78</b>	102.38	-10.60	-10.3

*Unit: RMB100 million*

	<b>As at 30 June 2020</b>	As at 31 December 2019 (Restated)	<b>Compared with the end of last year Increase/ decrease in amount</b>	<b>Increase/ decrease (%)</b>
Assets	<b>2,824.72</b>	2,725.51	99.21	3.6
Liabilities	<b>1,628.54</b>	1,552.73	75.81	4.9
Interest-bearing debts	<b>1,016.87</b>	942.40	74.47	7.9
Equity	<b>1,196.18</b>	1,172.78	23.40	2.0
Equity attributable to the equity holders of the Company	<b>978.78</b>	970.48	8.30	0.9
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	<b>45.9</b>	44.6	An increase of 1.3 percentage points	



## II. OPERATING RESULTS

### 1. Consolidated operating results

Revenue, cost of sales and gross profit before netting of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2020 and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

	For the six months ended 30 June 2020 (before netting of inter-segmental sales)			Year-on-year increase/ decrease in amount		
	Revenue	Cost of sales	Gross profit	Revenue	Cost of sales	Gross profit
Coal operations	482.44	407.22	75.22	-2.37	14.47	-16.84
Coal-chemical operations	80.95	69.80	11.15	-13.12	-7.78	-5.34
Coal mining equipment operations	45.61	39.30	6.31	4.41	3.24	1.17
Financial operations	5.75	1.76	3.99	0.32	0.09	0.23
Other operations	32.56	26.68	5.88	9.08	3.26	5.82
Inter-segment elimination	-33.38	-32.00	-1.38	5.18	4.85	0.33
The Group	<u>613.93</u>	<u>512.76</u>	<u>101.17</u>	<u>3.50</u>	<u>18.13</u>	<u>-14.63</u>

#### (1) Revenue

For the six months ended 30 June 2020, the Group's revenue increased from RMB61.043 billion for the six months ended 30 June 2019 to RMB61.393 billion, representing an increase of RMB350 million or 0.6%, which was mainly due to the year-on-year increase of the sales volume of the Group's commercial coal and the revenue from the coal mining equipment operations, as well as the key power projects being put into operation, which offset the impact of the decline in market prices of major products on revenue.

Revenue net of inter-segmental sales from each operating segment of the Group for the six months ended 30 June 2020 and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

	<b>Revenue net of inter-segmental sales</b>		<b>Year-on-year</b>	
	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019 (Restated)	Increase/decrease in amount	Increase/decrease (%)
Coal operations	<b>463.75</b>	460.69	3.06	0.7
Coal-chemical operations	<b>79.70</b>	92.16	-12.46	-13.5
Coal mining equipment operations	<b>39.57</b>	35.06	4.51	12.9
Financial operations	<b>3.67</b>	3.63	0.04	1.1
Other operations	<b>27.24</b>	18.89	8.35	44.2
<b>The Group</b>	<b><u>613.93</u></b>	<u>610.43</u>	<u>3.50</u>	<u>0.6</u>

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 2020 and the year-on-year changes are set out as follows:

	<b>Proportion of revenue net of inter-segmental sales (%)</b>		
	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019 (Restated)	Increase/decrease (percentage point(s))
Coal operations	<b>75.5</b>	75.5	0.0
Coal-chemical operations	<b>13.0</b>	15.1	-2.1
Coal mining equipment operations	<b>6.4</b>	5.7	0.7
Financial operations	<b>0.6</b>	0.6	0.0
Other operations	<b>4.5</b>	3.1	1.4

## **(2) Cost of sales**

For the six months ended 30 June 2020, the Group's cost of sales increased from RMB49.463 billion for the six months ended 30 June 2019 to RMB51.276 billion, representing an increase of 3.7%, which was mainly due to the combined effects of the year-on-year increase of the sales volume of the Group's commercial coal and the cost of sales from the coal mining equipment operations, as well as the key power projects being put into operation. The changes in the major items of the Group's cost of sales are analysed as follows:

The costs of materials and goods traded increased by 8.5% from RMB29.706 billion for the six months ended 30 June 2019 to RMB32.240 billion, which was mainly attributable to the year-on-year increase in the sales volume of trading coal.

Staff costs decreased by 7.7% from RMB2.360 billion for the six months ended 30 June 2019 to RMB2.178 billion, which was mainly attributable to the Group's reasonable adjustments to the salaries of the employees based on operating results, as well as the interim 50% reduction in social insurance fees for the support of the control of the COVID-19 pandemic by government.

Depreciation and amortisation costs increased by 1.5% from RMB4.636 billion for the six months ended 30 June 2019 to RMB4.704 billion, which was mainly attributable to the year-on-year increase in the depreciation and amortisation costs for the period resulting from the increase in property, plant and equipment and mining rights.

Repairs and maintenance costs increased by 20.0% from RMB746 million for the six months ended 30 June 2019 to RMB895 million, which was mainly due to the increase in repairs costs resulting from the scheduled equipment repairs and maintenance.

Transportation costs and port expenses decreased by 10.3% from RMB6.317 billion for the six months ended 30 June 2019 to RMB5.668 billion, which was mainly attributable to the year-on-year decrease in the sales volume of trading coal that bears the railroad transportation costs and port expenses among the whole sales volume of trading coal.

Sales taxes and surcharges decreased by 6.5% from RMB1.820 billion for the six months ended 30 June 2019 to RMB1.701 billion, which was mainly attributable to the year-on-year decrease of resource tax and other taxes resulting from the decrease in the sales revenue of the Group's self-produced commercial coal.

Outsourcing mining engineering fees decreased by 13.9% from RMB1.637 billion for the six months ended 30 June 2019 to RMB1.410 billion, which was mainly attributable to the year-on-year decrease in the scheduled outsourcing mining engineering volume.

Other costs increased by 10.7% from RMB2.241 billion for the six months ended 30 June 2019 to RMB2.480 billion, which was mainly attributable to the increase in expenses such as production-related sporadic engineering and auxiliary expenses.

### (3) *Gross profit and gross profit margin*

For the six months ended 30 June 2020, affected by the sharp decline in the market prices of coal and coal-chemical products, the gross profit of the Group decreased from RMB11.580 billion for the six months ended 30 June 2019 to RMB10.117 billion, representing a decrease of 12.6%; and the integrated gross profit margin decreased from 19.0% for the six months ended 30 June 2019 to 16.5%, representing a decrease of 2.5 percentage points. At the same time, the Group actively expanded coal production and sales and reasonably managed the production costs of coal and coal-chemical products. Profits from coal mining equipment operations and financial operations increased, and the commencement of operation of key power projects led to a significant increase in the profits from other operations. All of the above effectively offset the impact of decline in market prices.

The gross profit and gross profit margin of each of the Group's operating segments for the six months ended 30 June 2020 and the year-on-year changes are as follows:

*Unit: RMB100 million*

	Gross profit			Gross profit margin (%)		
	For the six months ended 30 June 2020	For the six months ended 30 June 2019 (Restated)	Increase/decrease (%)	For the six months ended 30 June 2020	For the six months ended 30 June 2019 (Restated)	Increase/decrease (percentage point(s))
Coal operations	75.22	92.06	-18.3	15.6	19.0	-3.4
Self-produced commercial coal	72.73	89.13	-18.4	30.7	34.9	-4.2
Trading coal	1.94	2.43	-20.2	0.8	1.1	-0.3
Coal-chemical operations	11.15	16.49	-32.4	13.8	17.5	-3.7
Coal mining equipment operations	6.31	5.14	22.8	13.8	12.5	1.3
Financial operations	3.99	3.76	6.1	69.4	69.2	0.2
Other operations	5.88	0.06	9,700.0	18.1	0.3	17.8
<b>The Group</b>	<b>101.17</b>	<b>115.80</b>	<b>-12.6</b>	<b>16.5</b>	<b>19.0</b>	<b>-2.5</b>

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

## 2. Operating results of segments

### (1) Coal operations

- *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. In addition, the Group also purchased coal from external enterprises for resale to customers (sales of trading coal) and engaged in coal import and export and domestic agency services.

For the six months ended 30 June 2020, the revenue from coal operations of the Group decreased by 0.5% from RMB48.481 billion for the six months ended 30 June 2019 to RMB48.244 billion. Revenue net of other inter-segmental sales increased by 0.7% from RMB46.069 billion for the six months ended 30 June 2019 to RMB46.375 billion.

For the six months ended 30 June 2020, the revenue from sales of the self-produced commercial coal of the Group decreased by 7.1% from RMB25.521 billion for the six months ended 30 June 2019 to RMB23.703 billion, which was mainly attributable to the year-on-year increase of 2.73 million tonnes in the sales volume leading to an increase of RMB1.374 billion in the sales revenue of self-produced commercial coal, and the year-on-year decrease of RMB59/tonne in the average sales price leading to a decrease of RMB3.192 billion in the revenue of self-produced commercial coal. Revenue net of inter-segmental sales decreased by 6.1% from RMB24.568 billion for the six months ended 30 June 2019 to RMB23.074 billion.

For the six months ended 30 June 2020, the revenue from sales of trading coal of the Group increased by 6.9% from RMB22.740 billion for six months ended 30 June 2019 to RMB24.306 billion, which was mainly attributable to the year-on-year increase of 12.30 million tonnes in the sales volume leading to an increase of RMB5.677 billion in the sales revenue of trading coal, and the year-on-year decrease of RMB67/tonne in the average sales price leading to a decrease of RMB4.111 billion in the revenue of trading coal. Revenue net of inter-segmental sales increased by 8.4% from RMB21.312 billion for the six months ended 30 June 2019 to RMB23.103 billion.

For the six months ended 30 June 2020, the revenue from coal agency operations of the Group decreased by RMB9 million from RMB14 million for the six months ended 30 June 2019 to RMB5 million.

The Group's coal sales volume before netting of inter-segmental sales and selling prices for the six months ended 30 June 2020 and the year-on-year changes are set out as follows:

		For the six months ended 30 June 2020		For the six months ended 30 June 2019		Year-on-year Increase/decrease			
		Sales volume	Selling price	Sales volume	Selling price	in amount		Increase/decrease (%)	
		(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(%)	(%)
I. Self-produced commercial coal	Total	5,332	445	5,059	504	273	-59	5.4	-11.7
	(I) Thermal coal	4,756	400	4,477	438	279	-38	6.2	-8.7
	1. Domestic sale	4,747	400	4,469	438	278	-38	6.2	-8.7
	2. Export	9	508	8	598	1	-90	12.5	-15.1
	(II) Coking coal	576	814	582	1,015	-6	-201	-1.0	-19.8
	Domestic sale	576	814	582	1,015	-6	-201	-1.0	-19.8
II. Trading coal	Total	6,157	395	4,927	462	1,230	-67	25.0	-14.5
	(I) Domestic resale	6,094	393	4,884	460	1,210	-67	24.8	-14.6
	(II) Self-operated exports*	6	1,257	14	1,258	-8	-1	-57.1	-0.1
	(III) Import trading	57	466	29	417	28	49	96.6	11.8
III. Import and export and domestic agency ★	Total	74	6	329	4	-255	2	-77.5	50.0
	(I) Import agency	16	4	45	4	-29	0	-64.4	0.0
	(II) Export agency	58	7	86	8	-28	-1	-32.6	-12.5
	(III) Domestic agency ☆	☆	☆	198	3	-198	-	-100.0	-

\* : Briquette export.

★ : Selling price is agency service fee.

☆ : N/A for the period.

*Note:* Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 6.30 million tonnes for the current period and 6.82 million tonnes for the same period of last year.

- *Cost of sales*

For the six months ended 30 June 2020, cost of sales for the Group's coal operations increased from RMB39.275 billion for the six months ended 30 June 2019 to RMB40.722 billion, representing an increase of 3.7%, which was mainly attributable to the combined effects of the year-on-year increase of 12.30 million tonnes in trading coal, and the year-on-year decrease of RMB20.07/tonne in the unit cost of sales and the year-on-year increase of 2.73 million tonnes in sales volume of self-produced commercial 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 six months ended		For the six months ended		Year-on-year	
	30 June 2020	Percentage (%)	30 June 2019	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	30.09	7.4	31.44	8.0	-1.35	-4.3
Trading coal costs ☆	234.71	57.6	212.38	54.1	22.33	10.5
Staff costs	13.77	3.4	15.17	3.9	-1.40	-9.2
Depreciation and amortization	29.26	7.2	27.43	7.0	1.83	6.7
Repairs and maintenance	4.66	1.1	4.10	1.0	0.56	13.7
Transportation costs and port expenses	52.11	12.8	57.73	14.7	-5.62	-9.7
Sales taxes and surcharges	14.71	3.6	16.22	4.1	-1.51	-9.3
Outsourced mining engineering fees	14.10	3.5	16.37	4.2	-2.27	-13.9
Other costs ★	13.81	3.4	11.91	3.0	1.90	16.0
<b>Total cost of sales for coal operations</b>	<b>407.22</b>	<b>100.0</b>	<b>392.75</b>	<b>100.0</b>	<b>14.47</b>	<b>3.7</b>

☆ : This cost does not include transportation costs and port expenses related to trading coal. Such transportation costs and port expenses amounted to RMB641 million for the current period and RMB1.259 billion 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 small projects incurred in direct relation to coal production.

The composition of the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2020 and the year-on-year changes are set out as follows:

*Unit: RMB/tonne*

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2020	Percentage (%)	30 June 2019	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	56.43	18.3	62.14	18.9	-5.71	-9.2
Staff costs	25.84	8.4	29.98	9.1	-4.14	-13.8
Depreciation and amortization	54.89	17.8	54.21	16.5	0.68	1.3
Repairs and maintenance	8.74	2.8	8.10	2.5	0.64	7.9
Transportation costs and port expenses	85.72	27.8	89.23	27.2	-3.51	-3.9
Sales taxes and surcharges	27.59	9.0	32.07	9.8	-4.48	-14.0
Outsourced mining engineering fees	26.44	8.6	32.36	9.8	-5.92	-18.3
Other costs	22.56	7.3	20.19	6.2	2.37	11.7
<b>Total unit cost of sales of self-produced commercial coal</b>	<b>308.21</b>	<b>100.0</b>	<b>328.28</b>	<b>100.0</b>	<b>-20.07</b>	<b>-6.1</b>

For the six months ended 30 June 2020, the Group's unit cost of sales of self-produced commercial coal decreased by RMB20.07/tonne year-on-year to RMB308.21/tonne, representing a year-on-year decrease of 6.1%, which was mainly due to the year-on-year decrease in the unit material cost as the Group continued to optimize the production organization, actively released the advanced production capacity, vigorously reduced cost and tapped potential as well as the decline in diesel procurement prices, etc. The Group's reasonable adjustments to the salaries of employees based on operating results as well as the 50% reduction by stages in social insurance fees for the support of the control measures of the COVID-19 pandemic by government have both contributed to the year-on-year decrease in unit staff cost. The decrease in the proportion of sales volume of self-produced commercial coal that bears the railroad transportation costs and port expenses to the total sales volume of self-produced commercial coal has led to the year-on-year decrease in the unit transportation costs and port expenses. The year-on-year decrease in sales price of self-produced commercial coal and the year-on-year decrease in gross profit margin caused the year-on-year decrease in unit sales tax and surcharge. The year-on-year decrease in the Group's scheduled outsourced mining engineering volume as well as the year-on-year increase in the output of self-produced commercial coal led to the year-on-year decrease in the unit outsourced mining engineering fees. In addition, the Group's increase in expenses such as the related sporadic engineering expenditure and auxiliary expenses contributed to the year-on-year increase in the unit other costs.



- *Gross profit and gross profit margin*

For the six months ended 30 June 2020, affected by the decline in the market prices of self-produced commercial coal, the gross profit of the Group's coal operations decreased from RMB9.206 billion for the six months ended 30 June 2019 to RMB7.522 billion, representing a decrease of 18.3%; the gross profit margin decreased from 19.0% for the six months ended 30 June 2019 to 15.6%, representing a decrease of 3.4 percentage points. Meanwhile, the year-on-year increase in the sales volume of the Group's self-produced commercial coal and the year-on-year decrease in the unit cost of sales have together offset the decline in the market prices to some extent.

## (2) *Coal-chemical operations*

- *Revenue*

For the six months ended 30 June 2020, the revenue from coal-chemical operations of the Group decreased from RMB9.407 billion for the six months ended 30 June 2019 to RMB8.095 billion, representing a decrease of 13.9%; revenue net of other inter-segmental sales decreased from RMB9.216 billion for the six months ended 30 June 2019 to RMB7.970 billion, representing a decrease of 13.5%. This was mainly due to factors including a plunge in international oil prices leading to a greater year-on-year decrease in the selling price of coal-chemical products, as well as the year-on-year decrease in the urea and methanol sales volume as scheduled inspections and repairs carried out by Ordos Energy Chemical Company and China Coal Yuanxing Company results in the decrease of the urea and methanol production volume.

The sales volume and selling price of the major coal-chemical products of the Group for the six months ended 30 June 2020 and the year-on-year changes are set out as follows:

	For the six months ended 30 June 2020		For the six months ended 30 June 2019		Increase/decrease in amount		Year-on-year Increase/decrease	
	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price
	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(%)	(%)
(I) Polyolefin	75.5	5,980	72.8	7,443	2.7	-1,463	3.7	-19.7
Polyethylene	37.8	5,707	38.0	7,316	-0.2	-1,609	-0.5	-22.0
Polypropylene	37.7	6,253	34.8	7,582	2.9	-1,329	8.3	-17.5
(II) Urea	114.5	1,616	128.6	1,826	-14.1	-210	-11.0	-11.5
(III) Methanol	26.7	1,342	37.8	1,581	-11.1	-239	-29.4	-15.1
Inter-segment self-consumption volume◆	26.6	1,342	31.5	1,561	-4.9	-219	-15.6	-14.0
External sales	0.1	1,469	6.3	1,686	-6.2	-217	-98.4	-12.9

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

- *Cost of sales*

For the six months ended 30 June 2020, cost of sales for the coal-chemical operations of the Group decreased by 10.0% from RMB7.758 billion for the six months ended 30 June 2019 to RMB6.980 billion, which was mainly attributable to the combined effects of strengthened lean management on cost by each coal-chemical enterprise, the year-on-year decrease in procurement price of materials such as feed coal and methanol and the year-on-year decrease in the sales volume of urea and methanol due to the arranged inspections and repairs carried out by Ordos Energy Chemical Company and China Coal Yuanxing Company. The composition of the cost of sales of the Group's coal-chemical operations and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2020	Percentage (%)	30 June 2019	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	41.44	59.4	45.86	59.1	-4.42	-9.6
Staff costs	2.91	4.2	3.66	4.7	-0.75	-20.5
Depreciation and amortization	12.76	18.3	14.87	19.2	-2.11	-14.2
Repairs and maintenance	3.02	4.3	2.41	3.1	0.61	25.3
Transportation costs and port expenses	4.48	6.4	5.00	6.5	-0.52	-10.4
Sales taxes and surcharges	1.69	2.4	1.42	1.8	0.27	19.0
Other costs	3.50	5.0	4.36	5.6	-0.86	-19.7
<b>Total cost of sales for coal-chemical operations</b>	<b>69.80</b>	<b>100.0</b>	<b>77.58</b>	<b>100.0</b>	<b>-7.78</b>	<b>-10.0</b>

The cost of sales of the major coal-chemical products of the Group for the six months ended 30 June 2020 and the year-on-year changes are set out as follows:

Item	Cost of sales (RMB100 million)			Unit cost of sales (RMB/tonne)		
	For the six months ended	For the six months ended	Increase/ decrease in	For the six months ended	For the six months ended	Increase/ decrease in
	30 June 2020	30 June 2019	amount	30 June 2020	30 June 2019	amount
Polyolefin	38.42	44.16	-5.74	5,086	6,068	-982
Polyethylene	19.55	23.32	-3.77	5,173	6,141	-968
Polypropylene	18.87	20.84	-1.97	4,999	5,987	-988
Urea	14.94	16.64	-1.70	1,304	1,294	10
Methanol★	3.63	5.53	-1.90	1,359	1,463	-104

★: The cost of sales of methanol includes the corresponding sales cost of inter-segmental consumption.

For the six month ended 30 June 2020, the cost of sales of the Group's polyolefin was RMB3.842 billion, representing a year-on-year decrease of RMB574 million; the unit cost of sales was RMB5,086/tonne, representing a year-on-year decrease of RMB982/tonne. The cost of sales of urea was RMB1.494 billion, representing a year-on-year decrease of RMB170 million; the unit cost of sales of urea was RMB1,304/tonne, representing a year-on-year increase of RMB10/tonne. The cost of sales of methanol was RMB363 million, representing a year-on-year decrease of RMB190 million; the unit cost of sales of methanol was RMB1,359/tonne, representing a year-on-year decrease of RMB104/tonne.

- *Gross profit and gross profit margin*

For the six months ended 30 June 2020, affected by the decline in the market prices of coal-chemical products, the gross profit of the Group's coal-chemical operations decreased from RMB1.649 billion for the six months ended 30 June 2019 to RMB1.115 billion, representing a decrease of 32.4%; the gross profit margin decreased from 17.5% for the six months ended 30 June 2019 to 13.8%, representing a decrease of 3.7 percentage points. Meanwhile, each coal-chemical enterprise has been running stably and safely with high efficiency and strengthened lean management on cost, which offset the decline in market prices to some extent.

### (3) Coal mining equipment operations

- *Revenue*

For the six months ended 30 June 2020, the Group's revenue from the coal mining equipment operations increased from RMB4.120 billion for the six months ended 30 June 2019 to RMB4.561 billion, representing an increase of 10.7%, of which the revenue net of other inter-segmental sales increased from RMB3.506 billion for the six months ended 30 June 2019 to RMB3.957 billion, representing an increase of 12.9%, which was mainly due to the further optimization of the structure of coal equipment and the expansion of the sales of components.

- *Cost of sales*

For the six months ended 30 June 2020, the Group's cost of sales for the coal mining equipment operations increased from RMB3.606 billion for the six months ended 30 June 2019 to RMB3.930 billion, representing an increase of 9.0%. The major cost items and the year-on-year changes are set out as follows:

*Unit: RMB100 million*

Item	For the six months ended		For the six months ended		Year-on-year	
	30 June 2020	Percentage (%)	30 June 2019	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	29.86	76.0	26.03	72.2	3.83	14.7
Staff costs	2.94	7.5	2.63	7.3	0.31	11.8
Depreciation and amortization	1.90	4.8	1.76	4.9	0.14	8.0
Repairs and maintenance	0.30	0.8	0.33	0.9	-0.03	-9.1
Transportation costs	0.63	1.6	0.70	1.9	-0.07	-10.0
Sales taxes and surcharges	0.19	0.5	0.22	0.6	-0.03	-13.6
Other costs	3.48	8.8	4.39	12.2	-0.91	-20.7
<b>Total cost of sales for coal mining equipment operations</b>	<b>39.30</b>	<b>100.0</b>	<b>36.06</b>	<b>100.0</b>	<b>3.24</b>	<b>9.0</b>

- *Gross profit and gross profit margin*

For the six months ended 30 June 2020, the gross profit of the Group's coal mining equipment operations increased from RMB514 million for the six months ended 30 June 2019 to RMB631 million, representing an increase of 22.8%; the gross profit margin increased from 12.5% for the six months ended 30 June 2019 to 13.8%, representing an increase of 1.3 percentage points, which was mainly due to the year-on-year increase in the sales volume of the high-end products and components with higher gross profit margin.

#### **(4) Financial Operations**

The Group's financial operations are mainly conducted by China Coal Finance Company, which deepened the concept of lean management and strengthened financial technology innovation. China Coal Finance Company relies on multi-level, wide-coverage, and personalized financial services to accurately target the financial needs of its members to ensure safe, stable and efficient flow of funds. Against the backdrop of a sharp drop in the interest rates of the inter-bank deposit market, China Coal Finance Company adjusted the deposit allocation strategy in a timely manner to achieve value-added effects, with all major operating indicators again hitting the historical high as compared with the same period of the previous years. For the six months ended 30 June 2020, revenue from financial operations of the Group increased from RMB543 million for the six months ended 30 June 2019 to RMB575 million, representing an increase of 5.9%; revenue net of other inter-segmental sales increased from RMB363 million for the six months ended 30 June 2019 to RMB367 million, representing an increase of 1.1%. Cost of sales increased from RMB167 million for the six months ended 30 June 2019 to RMB176 million, representing an increase of 5.4%. Gross profit increased by 6.1% from RMB376 million for the six months ended 30 June 2019 to RMB399 million, and gross profit margin increased by 0.2 percentage points from 69.2% for the six months ended 30 June 2019 to 69.4%.

#### **(5) Other Operations**

Other operations of the Group mainly include coal-fired power generation, aluminum processing, import of equipment and accessories, bidding services and railway transportation. Benefiting from the completion of construction and commencement of operation of the key power projects including the 2×660MW Second Power Plant Project located in the north of Wucui Bay, Zhudong, Xinjiang and the 2×350MW thermal power project of Shanghai Energy Company in 2019, for the six months ended 30 June 2020, the revenue from other operations of the Group increased from RMB2.348 billion for the six months ended 30 June 2019 to RMB3.256 billion, representing an increase of 38.7%; revenue net of other inter-segmental sales increased from RMB1.889 billion for the six months ended 30 June 2019 to RMB2.724 billion, representing an increase of 44.2%. Cost of sales increased from RMB2.342 billion for the six months ended 30 June 2019 to RMB2.668 billion, representing an increase of 13.9%. Gross profit increased by RMB582 million from RMB6.00 million for the six months ended 30 June 2019 to RMB588 million, and gross profit margin increased from 0.3% for the six months ended 30 June 2019 to 18.1%, representing an increase of 17.8 percentage points.

### **3. Selling, general and administrative expenses**

For the six months ended 30 June 2020, the Group's selling, general and administrative expenses decreased from RMB2.395 billion for the six months ended 30 June 2019 to RMB2.291 billion, representing a decrease of 4.3%.

#### 4. Other gains and losses, net

For the six months ended 30 June 2020, the net other gains and losses of the Group increased from RMB56 million for the six months ended 30 June 2019 to RMB67 million, representing an increase of RMB11 million.

#### 5. Profit from operations

For the six months ended 30 June 2020, the Group's profit from operations decreased from RMB9.238 billion for the six months ended 30 June 2019 to RMB7.880 billion, representing a decrease of 14.7%, which was mainly due to the decline in the market prices of coal and coal-chemical products leading to the year-on-year decrease in profit from coal and coal-chemical operations. Profit from operations for each operating segment of the Group and the year-on-year changes are as follows:

*Unit: RMB100 million*

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019 (Restated)	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease range (%)
The Group	<b>78.80</b>	92.38	-13.58	-14.7
Of which: Coal operations	<b>61.48</b>	77.62	-16.14	-20.8
Coal-chemical operations	<b>8.95</b>	13.34	-4.39	-32.9
Coal mining equipment operations	<b>2.44</b>	1.65	0.79	47.9
Financial operations	<b>4.05</b>	3.56	0.49	13.8
Other operations	<b>4.35</b>	-1.44	5.79	-

*Note:* The above profit from operations for each operating segment are figures before netting of inter-segmental sales.

#### 6. Finance income and finance cost

For the six months ended 30 June 2020, the Group's net finance expenses increased by 2.6% from RMB2.318 billion for the six months ended 30 June 2019 to RMB2.378 billion, which was mainly attributable to the combined effects from the interests incurred from certain in-construction projects being recorded as finance cost instead of capitalized cost as such projects were put into production as well as the provision for close down, restoration and environmental costs as a result of the increase in the expected disposal fees for mine geological environment governance and restoration and land reclamation costs by the Group's coal producers in accordance with relevant national policies in 2019, and the increase in finance costs recognised by using the effective interest method for the long-term liabilities with respect to transfer of mining rights payable by installments.

## **7. Share of profits of associates and joint ventures**

For the six months ended 30 June 2020, the Group's share of profits of associates and joint ventures decreased by 82.8% from RMB1.533 billion for the six months ended 30 June 2019 to RMB264 million, which was mainly attributable to factors such as the decline in the market prices of coal and coal-chemical products and the decrease in the output of Zhongtian Synergetic Company and Yanchang Energy Chemical Company\* (延長能化公司) which the Group is interested in as a result of the arranged maintenance and repairs, etc. leading to the decrease in the profits of associates and joint ventures and the corresponding year-on-year decrease in the Group's share of profits of associates and joint ventures recognised in accordance with its shareholding.

## **8. Profit before income tax**

For the six months ended 30 June 2020, the profit before income tax of the Group decreased from RMB8.453 billion for the six months ended 30 June 2019 to RMB5.766 billion, representing a decrease of 31.8%.

## **9. Income tax expense**

For the six months ended 30 June 2020, the Group's income tax expenses decreased from RMB1.974 billion for the six months ended 30 June 2019 to RMB1.592 billion, representing a decrease of 19.4%.

## **10. Profit attributable to the equity holders of the Company**

For the six months ended 30 June 2020, the profit attributable to equity holders of the Company decreased from RMB4.127 billion for the six months ended 30 June 2019 to RMB2.529 billion, representing a decrease of 38.7%.

## **III. CASH FLOW**

As at 30 June 2020, the balance of the Group's cash and cash equivalents amounted to RMB24.677 billion, representing a net increase of RMB12.539 billion as compared to RMB12.138 billion as at 31 December 2019.

Net cash generated from operating activities decreased by RMB1.060 billion from RMB10.238 billion for the six months ended 30 June 2019 to RMB9.178 billion, which was mainly due to the decrease in absorption of deposits of members other than China Coal Energy by the China Coal Finance Company as compared with the beginning of the year, leading to the year-on-year increase of RMB1.446 billion of the cash outflow generated. The Group continued to strengthen lean management of funds to reduce the occupation of working capital. A net cash inflow of RMB12.358 billion was generated from production and sales activities, representing a year-on-year increase of RMB386 million, which demonstrated the Group's strong ability to generate cash from operations.

Net cash used in investing activities decreased by RMB5.297 billion from RMB6.337 billion for the six months ended 30 June 2019 to RMB1,040 million, which was mainly attributable to the combined effects of the year-on-year increase of RMB5.606 billion in the cash inflow arising from the change in term deposits with an initial deposit period of more than three months, and the year-on-year increase of RMB228 million in cash used as capital expenditures.

Net cash generated from financing activities increased by RMB5.310 billion from RMB-914 million for the six months ended 30 June 2019 to RMB4.396 billion, which was mainly attributable to the year-on-year increase in the net debt facility as a result of the issuance of corporate bonds and the implementation of project loans by the Group according to the annual financing plan.

#### **IV. SOURCES OF CAPITAL**

For the six months ended 30 June 2020, 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 chemicals, 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 due 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 international and domestic capital markets, relevant banks' credit facilities obtained and the issue amount of bonds approved but not utilised will provide sufficient capital funds for future production and operating activities as well as project construction.

#### **V. ASSETS AND LIABILITIES**

##### **1. Property, plant and equipment**

As at 30 June 2020, the net value of property, plant and equipment of the Group amounted to RMB131.184 billion, representing a net increase of RMB1.186 billion or 0.9% as compared to RMB129.998 billion as at 31 December 2019, among which, the net value of buildings was RMB40.871 billion, accounting for 31.2%; that of mining structures was RMB24.203 billion, accounting for 18.4%; that of plant, machinery and equipment was RMB45.676 billion, accounting for 34.8%; that of construction in progress was RMB16.360 billion, accounting for 12.5%; and that of railways, transportation vehicles and others was RMB4.074 billion, accounting for 3.1%.



## **2. Mining rights**

As at 30 June 2020, the net value of the Group's mining rights amounted to RMB42.186 billion, representing a net increase of RMB3.306 billion or 8.5% as compared to RMB38.880 billion as at 31 December 2019, which was mainly due to the combined effects of the recognised proceeds from transfer of mining rights payable by installments by the Group's coal production enterprises in accordance with relevant national policy, the completion of the acquisition as to 100% equity interest in Panjiayao Company by Pingshuo Company, a subsidiary of the Group, after years of efforts, which included Panjiayao Company including its mining rights in the scope of consolidation, and the amortization of the mining rights for the current period.

## **3. Other non-current assets**

As at 30 June 2020, the net value of other non-current assets of the Group was RMB7.447 billion, representing a net decrease of RMB3.286 billion or 30.6% as compared with RMB10.733 billion as at 31 December 2019, which was mainly due to the consolidation of Panjiayao Company in the Company as mentioned above leading to the decrease in the payments for investments prior to the consolidation.

## **4. Contract assets**

As at 30 June 2020, the net value of the Group's contract assets amounted to RMB1.243 billion, representing a net increase of RMB289 million or 30.3% as compared to RMB954 million as at 31 December 2019, which was mainly due to the increase in the Group's right to consideration arising from its sales of coal equipment products. Such rights will be exercised upon completion of the ancillary services agreed in the contract.

## **5. Contract liabilities**

As at 30 June 2020, the balance of the Group's contract liabilities amounted to RMB1.661 billion, representing a net decrease of RMB928 million or 35.8% as compared with RMB2.589 billion on 31 December 2019, which was mainly due to the decrease in the Group's sales proceeds received in advance.

## **6. Borrowings**

As at 30 June 2020, the balance of borrowings of the Group amounted to RMB63.765 billion, representing a net increase of RMB2.451 billion or 4.0% as compared with RMB61.314 billion as at 31 December 2019, which was mainly due to the increase in long-term borrowings resulting from the new project loans implemented according to the annual financing plan by the Group. Among which, the balance of long-term borrowings (including the long-term borrowings due within one year) was RMB61.584 billion, representing a net increase of RMB4.536 billion as compared to RMB57.048 billion as at 31 December 2019, and the balance of short-term borrowings amounted to RMB2.181 billion, representing a net decrease of RMB2.085 billion as compared to RMB4.266 billion as at 31 December 2019.

## **7. Long-term bonds**

As at 30 June 2020, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB37.922 billion, representing a net increase of RMB4.996 billion or 15.2% as compared to RMB32.926 billion as at 31 December 2019. The increase in the long-term bonds was mainly due to the Group's issuance of corporate bonds of RMB3.0 billion in the first half of the year which marked the first batch acceptance, the first batch registration and the first batch successful issuance of bonds under the new "registration-based system" as well as the issuance of medium-term notes of RMB2.0 billion.

## **8. Other long-term liabilities**

As at 30 June 2020, the balance of other long-term liabilities of the Group amounted to RMB5.363 billion, representing a net increase of RMB1.361 billion or 34.0% as compared to RMB4.002 billion as at 31 December 2019, which was mainly due to the recognition of the outstanding payment for acquisition consideration agreed pursuant to relevant agreements resulted from the the consolidation of Panjiayao Company in the Group's financial statements as mentioned above, which led to the increase in the Group's other long-term liabilities.

# **VI. EQUITY**

As at 30 June 2020, the equity holders' equity of the Group was RMB119.618 billion, representing an increase of RMB2.340 billion or 2.0% from RMB117.278 billion as at 31 December 2019. In which, the equity attributable to the equity holders of the Company was RMB97.878 billion, representing an increase of RMB830 million or 0.9% from RMB97.048 billion as at 31 December 2019. The items under the equity subject to significant changes are analysed below:

### **1. Reserves**

As at 30 June 2020, the reserve of the Group was RMB47.381 billion, representing an increase of RMB273 million or 0.6% from RMB47.108 billion as at 31 December 2019, which was mainly due to the provision made by the Group for the special fund and utilized the special fund as planned during the period, and the balance thereof resulted in the increase of RMB230 million in reserves and the increase of RMB70 million in appropriation to the reserve for general risk.

### **2. Retained earnings**

As at 30 June 2020, the retained earnings of the Group was RMB37.238 billion, representing an increase of RMB557 million or 1.5% from RMB36.681 billion as at 31 December 2019, which was mainly because of the Group's profit attributable to the equity holders of the Company for the period of RMB2.529 billion, the decrease of RMB1.684 billion for distribution of dividends for 2019, the decrease of RMB230 million for adjusted unutilized special fund provided by the Group for the period, and the decrease of RMB70 million for appropriation to the reserve for general risk.

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

The Group did not have significant charge of assets during the reporting period. As at 30 June 2020, the book value of the Group's charge of assets amounted to RMB1.614 billion, of which the book value of pledged assets was RMB331 million and the book value of mortgaged assets was RMB1.283 billion.

## **VIII. SIGNIFICANT INVESTMENTS**

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

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

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

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

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

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

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

## **XII. INDUSTRY RISKS**

As other coal companies and coal-chemical companies in China, the Group's operation 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 operation activities of the Group.

### XIII. CONTINGENT LIABILITIES

#### (1) Bank guarantees

As at 30 June 2020, the Group provided guarantees of RMB15.499 billion in total, of which guarantees of RMB11.851 billion were provided to the equity investment entities in proportion to the Group's shareholdings. The details are set out below:

*Unit: RMB10 thousand*

The Company's external guarantees (excluding guarantees for subsidiaries)													
Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Completed or not	Overdue or not	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Connected party relationship
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	250.00	28 March 2008	28 March 2008	20 December 2022	Joint and several liability	No	No	-	No	No	Others
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	8,275.50	28 March 2008	28 March 2008	20 December 2023	Joint and several liability	No	No	-	No	No	Others
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	91,664.56	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	No	No	-	Yes	No	Others
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	119,997.90	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	No	No	-	Yes	No	Others
China Coal Energy Company Limited	Company headquarters	Zhongtian Synergetic Energy Company Limited	912,591.56	25 May 2016	25 May 2016	As per agreement	Joint and several liability	No	No	-	No	Yes	Associates
Shanghai Datun Energy Resources Company Limited	Controlling subsidiary	Fengpei Railway Company Limited	1,347.78	21 November 2013	21 November 2013	20 April 2024	Joint and several liability	No	Yes	434.28	Yes	No	Others
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	5,000.00	25 November 2015	30 November 2015	1 September 2025	Joint and several liability	No	No	-	Yes	No	Others
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	16,750.00	2 February 2018	26 February 2018	2 February 2025	Joint and several liability	No	No	-	Yes	No	Others
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shanxi Jingshen Railway Company Limited	29,200.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	No	No	-	Yes	No	Others
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)													-125,682.08
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)													1,185,077.30
<b>guarantee provided by the Company and subsidiaries to its subsidiaries</b>													
Total guarantee to subsidiaries incurred during the reporting period													-52,226.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)													364,836.50
<b>total guarantee of the Company (including those to subsidiaries)</b>													
Total guarantee (A+B)													1,549,913.80
Percentage of total guarantee to net assets of the Company (%)													15.8
Of which:													
Amount of guarantee provided to shareholders, de facto controllers and related parties (C)													-
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)													8,525.50
Excess amount of total guarantee over 50% of net assets (E)													-
Total amount of the above three categories (C+D+E)													8,525.50
Explanations on the possible joint and several liabilities for liquidation in respect of the outstanding guarantee													-
Explanations on the guarantee													-

## **(2) Environmental protection responsibilities**

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

## **(3) Contingent legal liabilities**

For the six months ended 30 June 2020, 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. COAL OPERATIONS**

### **1. Coal production**

In the first half of the year, affected by the COVID-19 pandemic, the domestic and international environment was amidst complex changes. Since the second quarter, with China's efforts on continuously improving pandemic prevention and control, the domestic economy has shown a steady trend of recovery and growth. The Company coordinated the prevention and control of the COVID-19 pandemic and the resumption of work and production. As a result, the production and operation have fully resumed in an orderly manner. Coal output maintained a steady growth through optimizing production organization, active releasing the high-quality production capacity and strengthening the connection between production, transportation, and sales by coal enterprises. Pingshuo Company maintained high production efficiency and achieved the highest coal production over the same period for the past 5 years through continuous optimization of its production system and full release of the open-pit mine production capacity. Shanghai Energy Company achieved a substantial increase in the coal output through the measures of planning the production continuity ahead of time, constantly strengthening the management of the mining site, and accurately keeping pace with production. China Coal Huajin Company remained stable production order through optimizing production layout, strengthening on-site labor organization, and giving full play to effective production capacity. Northwest Energy Company strived to resolve production limit and maintained a balanced and stable coal production by enhancing equipment management and steadily improving mining efficiency. During the reporting period, the production volume of commercial coal of the Company reached 53.07 million tonnes, of which the production volume of thermal coal amounted to 47.34 million tonnes, and the production volume of coking coal amounted to 5.73 million tonnes.

By adhering to the idea of safe development, the Company effectively enhanced safety management and control, made continuous progress on system optimization, equipment upgrading, quality promotion, and management improvement, and fully elevated the safety production standardization level, further prevented and mitigated major security risks. As a result, the Company maintained the stability of safe production and achieved all safety objectives.

By adhering to the development direction of “safety, efficiency, green development, and intelligent production”, the Company vigorously strengthened technological research and development, built a robust technological innovation system, strived to break through key core technologies, and promoted high-quality development of the enterprise. Driving the improvement of the quality and efficiency of coal production with technology innovation, the Company has achieved the close integration of technology and production through the intellectualization of mining technology and innovation research and development of equipment. During the reporting period, the raw coal efficiency was 37.4 tonnes per worker-shift, representing an advanced level in the coal industry.

## **2. Sales of coal**

In the first half of the year, the Company continued to deepen the restructuring of the coal marketing system, improved the coal marketing network, optimized the market layout, and continued to improve the market development capability. With an active response to the impact of the COVID-19 pandemic and the pressure of drastic market fluctuations, the Company adopted accurate estimates of market situation and flexible adjustments of marketing policies, ensured all sales of self-produced coal, stabilized and increased sales of purchased coal, maximized the overall benefits of coal, and hit a new high in sales scales compared with the same period of previous years. During the reporting period, the Company achieved a total sales volume of commercial coal of 115.63 million tonnes, representing a year-on-year increase of 12.1%.

The Company accurately grasped the market rhythm, captured the favorable opportunity of the market recovery in the second quarter, vigorously implemented precise sales strategies, fully leveraged its advantage in the coal marketing network, proactively pursued high-quality development of purchased coal on multiple platforms, and enhanced the internal control and risk management, achieving the highest sales volume of purchased coal in history over the same period. During the reporting period, the sales volume of the trading coal was 61.57 million tonnes, representing a year-on-year increase of 25%.

<b>Sales volume of commercial coal (10 thousand tonnes)</b>	<b>January to June in 2020</b>	January to June in 2019	Change (%)
<b>(I) Domestic sales of self-produced coal</b>	<b>5,323</b>	5,051	5.4
By region: North China	<b>1,669</b>	1,441	15.8
East China	<b>2,147</b>	2,033	5.6
South China	<b>508</b>	509	-0.2
Others	<b>999</b>	1,068	-6.5
By coal type: Thermal coal	<b>4,747</b>	4,469	6.2
Coking coal	<b>576</b>	582	-1.0
<b>(II) Self-produced coal export</b>	<b>9</b>	8	12.5
By region: Taiwan, China	<b>9</b>	8	12.5
By coal type: Thermal coal	<b>9</b>	8	12.5
<b>(III) Trading</b>	<b>6,157</b>	4,927	25.0
Of which: Domestic resale	<b>6,094</b>	4,884	24.8
Self-operated exports	<b>6</b>	14	-57.1
Import trading	<b>57</b>	29	96.6
<b>(IV) Agency sales</b>	<b>74</b>	329	-77.5
Of which: Import agency	<b>16</b>	45	-64.4
Export agency	<b>58</b>	86	-32.6
Domestic agency	<b>0</b>	198	-100.0
<b>Total</b>	<b>11,563</b>	10,315	12.1

## II. COAL-CHEMICAL OPERATIONS

In the first half of the year, the Company made great efforts to overcome difficulties such as insufficient supply of raw materials for chemical production and tight transportation capacity, strengthened production organization, and maintained continuous and stable production. The Company proactively carried out the construction of safety production standardization, strived to enhance refined management, increased the effective operation of the equipment, continued to improve the management level of on-site operations, and thereby basically achieved safe and stable operation of production equipment. The Company deepened benchmark management, continued to adopt advanced technologies in the industry, and strived to improve output and economic and technical indicators, in order to consolidate the foundation for the profitability of coal-chemical enterprises.

Facing the adverse effects of sluggish market demand and fluctuations in crude oil prices, the Company proactively searched new approaches for business cooperation, endeavored to tap the potential demand of new and existing customers, flexibly adjusted to sales strategies, strengthened the connection of production and sales, and continuously increased market shares and enhanced the brand influence of China Coal Energy. The Company continuously strengthened the fine management of logistics to effectively reduce logistics costs. The Company not only coordinated the outbound transportation of its products, but also enriched the delivery methods to improve the efficiency of product delivery. The Company enhanced the benefits of polyolefin by taking full advantage of the location coordination of affiliated enterprises and the synergy effect of industry value chains. During the reporting period, the accumulated sales volume of polyolefin, urea and methanol amounted to 755,000 tonnes, 1,145,000 tonnes and 267,000 tonnes, respectively.

<b>Production and sales volume of coal-chemical products (10 thousand tonnes)</b>	<b>January to June in 2020</b>	January to June in 2019	<b>Change (%)</b>
<b>(I) Polyolefin</b>			
1. Polyethylene: Production volume	<b>38.9</b>	38.0	2.4
Sales volume	<b>37.8</b>	38.0	-0.5
2. Polypropylene: Production volume	<b>37.4</b>	35.7	4.8
Sales volume	<b>37.7</b>	34.8	8.3
<b>(II) Urea</b>			
1. Production volume	<b>86.6</b>	99.7	-13.1
2. Sales volume	<b>114.5</b>	128.6	-11.0
<b>(III) Methanol</b>			
1. Production volume	<b>28.9</b>	40.1	-27.9
2. Sales volume	<b>26.7</b>	37.8	-29.4



### III. COAL MINING EQUIPMENT OPERATIONS

The Company precisely analysed the market situation through keenly capturing the market trend and paying close attention to market information, adopted scientific and flexible marketing strategies as well as reasonable and appropriate price adjustment strategies, and hence expanded the market share of its leading products. During the reporting period, the accumulated trading amount of signed contracts increased by 3.7% on a year-on-year basis. Focusing on the overall idea of “systematic layout, high-end improvement, intelligent breakthrough, green expansion, and platform extension”, the Company increased technological innovation efforts and fully promoted the construction of integrated service providers. The Company made full use of the technological and production advantages in chain, transmission, casting and forging, improved the research and development of non-coal products, and implemented various non-coal transformation projects. As a result, the revenue from accessories and non-coal business accounted for 43.5%. Through continuously promoting lean management optimizing the production organization and meticulously planning on investments, manufacture and production of accessories, the Company increased production delivery efficiency. During the reporting period, the production value of coal mining equipment was RMB4.63 billion, representing a year-on-year increase of 7.4%

	Production value (RMB100 million)			Sales revenue (RMB100 million)	
	January to June in 2020	January to June in 2019	Change (%)	January to June in 2020	Percentage of operating revenue of the coal mining equipment segment (%)
<b>Mining machinery</b>					
Main conveyor products	<b>19.0</b>	17.8	6.7	<b>19.0</b>	41.7
Main support products	<b>18.7</b>	16.1	16.1	<b>16.3</b>	35.7
Others	<b>8.6</b>	9.2	-6.5	<b>10.3</b>	22.6
<b>Total</b>	<b>46.3</b>	43.1	7.4	<b>45.6</b>	–

- Note:* 1. The sales revenue in the table represents the sales revenue of the coal mining equipment segment before netting of inter-segmental sales.
2. The production value (revenue) of the main products includes the production value (revenue) of the related accessories and services. The revenue of others includes part of the trade revenue.

#### IV. FINANCIAL OPERATIONS

Building on its own business development and the whole industry value chain for coal business, the Company proactively leveraged on the specialized functions of financial services, value creation and risk management of China Coal Finance Company, promoting high-quality development for the Company. The Company strengthened the refined management of interbank deposits, closely tracked and timely analysed the trend of market interest rates, dynamically optimized and adjusted the interbank deposit allocation strategy, giving full play to the efficiency and effectiveness of intensive capital. By way of continuously digging deep into the Company's internal financial demands and innovative methods of digital financial platform functions and financial service, the Company formed a full-range bill business chain, including bill acceptance, discounting, taken rediscounting and buy-back and repurchase type of rediscounting and rediscounting, with advantages of a full-range bill business chain. During the reporting period, the balance of average daily self-operated loans amounted to RMB13.05 billion, representing a year-on-year increase of 12.1%; more than 400 bills were discounted, with a discount amount of RMB1.92 billion. At the end of the reporting period, deposits taken amounted to RMB32.77 billion and the self-operated loans amounted to RMB13.18 billion, all hitting the highest level in history over the same period.

<b>Financial business (RMB100 million)</b>	<b>January to June in 2020</b>	January to June in 2019	Change (%)
Scale of deposits	<b>327.7</b>	287.3	14.1
Placement of interbank deposits	<b>218.1</b>	192.4	13.4
Scale of self-operated loans	<b>131.8</b>	117.2	12.5

#### V. ILLUSTRATION OF THE PROGRESS OF OPERATING PLANS

In the first half of the year, affected by the COVID-19 pandemic, the domestic and international environment was severe and complex. As the domestic pandemic prevention and control continued to improve, the resumption of work, production and business was accelerated, and China's economy was steadily recovering. Focusing on annual production and operation objectives, the Company well managed pandemic prevention and control, production and operation, and other tasks, reasonably organized production, strengthened the coordination between production, transportation, and sales, focused on operation and management to fully improve quality and efficiency, thereby the major indicators reflected positive performance. During the reporting period, the Company achieved remarkable results in all aspects, with the revenue of RMB61.393 billion, the profit attributable to the equity holders of the Company of RMB2.529 billion, the production volume of commercial coal of 53.07 million tonnes, and the sales volume of coal of 115.63 million tonnes. In the second half of the year, the Company will continue to strengthen the organization of production and sales, to put in greater efforts to explore market opportunities, to focus on improving quality and efficiency, and to carry out all tasks in a coordinated way, striving to accomplish annual production targets and operation plan.

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

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 principles and code provisions under the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 of the Hong Kong Listing Rules.

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

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

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

During the reporting period, the audit and risk management committee under the Board discussed the impact of the COVID-19 pandemic on the Group’s operating results with reference to relevant guidance issued by the Hong Kong Financial Reporting Council with the management. In the opinion of the audit and risk management committee under the Board, the management has assessed the Group’s ability to continue as a going concern based on appropriate assumptions and concluded that the Group possessed adequate cash flow and that the COVID-19 pandemic has not had material adverse impact on the Company’s ability to continue as a going concern. The management also monitored impairment indications on non-financial assets such as intangible assets, property, plant and equipment to evaluate the needs for an impairment test when appropriate. The management strictly checked the Group’s revenue against the requirements under relevant accounting standards, and made sure that the fair value of assets and liabilities was calculated based on market measurement. The Group possessed adequate internal control and ensured effective measurement and management of the expected credit loss of receivables.

The audit and risk management committee under the Board has reviewed the interim results of the Company. Deloitte Touche Tohmatsu, the external auditor of the Company, conducted an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2020 in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, Deloitte Touche Tohmatsu confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

## **DISCLOSURE OF MAJOR EVENTS**

### **I. DISTRIBUTION OF FINAL DIVIDENDS FOR 2019**

The Company's plan of profit distribution for the year of 2019 was considered and approved at the Company's 2019 annual general meeting held on 16 June 2020. Cash dividend of RMB1,687,931,100 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed Company which was RMB5,626,437,000, for the year of 2019 as set out in the consolidated financial statements of 2019 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 RMB0.127 per share (tax inclusive). As at the date of this announcement, the aforesaid final dividends were duly paid to the Shareholders.

### **II. INTERIM PROFIT DISTRIBUTION PLAN FOR 2020**

The Company does not distribute any interim profit for 2020 and does not implement capitalisation from capital reserve.

### **III. ASSETS TRANSACTION**

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

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

For the six months ended 30 June 2020, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term "securities" has the meaning ascribed to it under the Hong Kong Listing Rules) of the Company.

### **V. OTHER SIGNIFICANT EVENTS**

#### **1. Registration and Issuance of Corporate Bonds**

The Company successfully registered corporate bonds of RMB10 billion on 10 March 2020 (for professional investors), and completed the public issuance of the 2020 first tranche corporate bonds (for professional investors) on 18 March 2020, of which the issue amount is RMB3 billion with a term of five years and an interest rate of 3.60%.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 12 March, 18 March and 19 March 2020.

## **2. Registration and Issuance of Medium-Term Notes**

The Company successfully registered medium-term notes of RMB5 billion on 16 March 2020, and completed the issuance of the 2020 first tranche medium-term notes on 13 April, of which the issue amount of Series One is RMB1.5 billion with a term of five years and a coupon rate of 3.28%, and the issue amount of Series Two is RMB500 million with a term of seven years and a coupon rate of 3.60%.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 17 March and 14 April 2020.

## **3. Matters in Relation to Setting the Category and Annual Caps of Connected Transactions**

On 28 April 2020, the second meeting of the fourth session of the Board considered and approved the “Proposal in respect of Setting the Exempt Annual Caps of the Continuing Connected Transactions of the Company for the years from 2021 to 2023”. On 16 June 2020, the Proposal has been approved by the 2019 annual general meeting of the Company.

For details, please refer to the relevant announcements and circulars published on the websites of SSE, HKSE and the Company on 28 April 2020.

## **VI. SUBSEQUENT EVENT**

On 27 July 2020, the Company completed the payment of the 2013 first tranche of medium-term notes in the amount of RMB5.0 billion on time.

## **FORWARD-LOOKING STATEMENT**

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

## DEFINITIONS

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

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Directors	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisors	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司)
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Co., Ltd.
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Co., Ltd.
Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas	the technological transformation project of annual methanol output of 1 million tonnes from synthetic gas of China Coal Ordos Energy Chemical Company Limited
Pingshuo Company	China Coal Pingshuo Group Company Limited
China Coal Huajin Company	China Coal Huajin Energy Group Company Limited
China Coal Finance Company	China Coal Finance Co., Ltd.
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
Northwest Energy Company	China Coal Northwest Energy Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited

Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Panjiayao Company	Shanxi China Coal Panjiayao Company Limited (山西中煤潘家窯煤業有限公司)
CSRC	China Securities Regulatory Commission
HKSE	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
RMB	RMB yuan

By Order of the Board  
**China Coal Energy Company Limited**  
**Li Yanjiang**  
*Chairman of the Board, Executive Director*

Beijing, the PRC  
28 August 2020

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

*The interim report of the Company for the six months ended 30 June 2020 will be despatched to the Shareholders shortly and will also be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.chinacoalenergy.com](http://www.chinacoalenergy.com)).*