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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)

THIRD QUARTERLY REPORT 2023

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

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

This announcement is a summary of the 2023 third quarterly financial report of the Company for the nine-month period ended 30 September 2023. The full text of the quarterly financial report will be available on the website of The Stock Exchange of Hong Kong Limited (the "HKSE") on 25 October 2023. The full text of the quarterly financial report is in Chinese only.

IMPORTANT NOTICE:

The board of directors and the supervisory committee of the Company together with the directors, supervisors and the senior management guarantee that the content of this quarterly report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for the content of this report.

The person-in-charge of the Company, the person-in-charge of accounting affairs and the person responsible for the accounting department (head of the accounting department) guarantee that the financial information set out in this quarterly report are true, accurate and complete.

Whether the third quarterly financial statements is audited or not

Yes No

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

Explanation of the reasons for retrospective adjustment or restatement

Pursuant to the relevant requirements regarding the “deferred income tax related to assets and liabilities arising from a single transaction not applicable for the accounting for exemption at initial recognition” under “Interpretation of Accounting Standards for Business Enterprises No. 16” published by the Ministry of Finance on 30 November 2022 (enacted from 1 January 2023), for leasing transactions which the Company initially recognizes lease liabilities at the beginning date of the leases for leasees and included in right-of-use assets and for the transactions which estimated liabilities are recognized and included in relevant assets costs due to the existence of abandonment obligations for, among other things, fixed assets, the corresponding deferred income tax liabilities and deferred income tax assets are recognized respectively, and retrospective adjustments are made on the data for the corresponding period of the previous year and the end of the previous year.

(II) Non-recurring gains or losses and relevant amounts*Unit: RMB'000*

Items	Amount for the reporting period	Amount from the beginning of the year to the end of the reporting period	Explanations
Profit or loss on disposal of non-current assets	-2,921	-5,244	
Government grants included in profit or loss for the current period, excluding those closely related to the Company's ordinary business and granted on an ongoing basis in fixed amount or volume according to certain principles under national policies	51,916	182,342	
Capital occupation fee received from non-financial entities included in profit or loss for the current period	7,587	22,513	
Gain or loss from external entrusted loans	49	145	
Other non-operating income and expenses apart from the foregoing	22,052	22,422	
Less: Effect of income tax	23,922	58,605	
Impact on minority shareholders' interests (after tax)	19,202	44,242	
Total	35,559	119,331	

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

Applicable Not applicable

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

Items	Unit	January to September 2023	January to September 2022	Percentage change %
I. Coal operations				
(I) Production volume of commercial coal	10,000 tonnes	10,117	9,200	10.0
Of which: Thermal coal	10,000 tonnes	9,259	8,368	10.6
Coking coal	10,000 tonnes	858	832	3.1
(II) Sales volume of commercial coal	10,000 tonnes	21,480	20,442	5.1
Of which: Self-produced commercial coal	10,000 tonnes	9,967	9,187	8.5
Proprietary coal trading	10,000 tonnes	10,940	10,350	5.7
Import and export and domestic agency	10,000 tonnes	573	905	-36.7
II. Coal chemical operations				
(I) Polyolefin				
1. Production volume	10,000 tonnes	111.2	109.4	1.6
2. Sales volume	10,000 tonnes	110.5	107.3	3.0
(II) Urea				
1. Production volume	10,000 tonnes	153.2	129.2	18.6
2. Sales volume	10,000 tonnes	170.4	141.1	20.8
(III) Methanol				
1. Production volume	10,000 tonnes	145.7	133.0	9.5
2. Sales volume	10,000 tonnes	146.5	130.0	12.7
(IV) Ammonium nitrate				
1. Production volume	10,000 tonnes	41.2	35.2	17.0
2. Sales volume	10,000 tonnes	41.5	35.2	17.9
III. Coal mining equipment operations				
Output value of coal mining equipment	RMB100 million	88.0	77.4	13.7

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

Unit: RMB'000

	Net profit attributable to shareholders of the listed company		Net assets attributable to shareholders of the listed company	
	January to September 2023	January to September 2022 (Restated)	30 September 2023	31 December 2022 (Restated)
According to PRC GAAP	16,688,039	19,327,686	143,390,727	130,864,820
Items and amounts adjusted according to IAS:				
(a) Adjustment to special funds and deferred tax of the coal industry	947,729	1,637,775	-100,527	-80,617
(b) Adjustment to floating of non-tradable shares under equity split	–	–	-155,259	-155,259
(c) Adjustment to government grants	2,783	2,783	-12,057	-14,840
According to IAS	17,638,551	20,968,244	143,122,884	130,614,104

Explanations on major reconciliations are as follows:

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

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

□ Applicable √ Not applicable

(VI) Changes in Accounting Items and Analysis of Operational Status of Major Business Sectors**1. Analysis of Accounting Items with Notable Changes***Unit: RMB'000*

Items	As at 30 September 2023	As at 31 December 2022	Percentage change (%)	Major reasons
Prepayments	3,397,167	2,438,155	39.3	Mainly due to the increase in, among other things, railway transportation fees, electricity fees and material payments required to be prepaid by the Company according to the production and sales activities.
Other current assets	874,666	1,906,521	-54.1	Mainly due to the collection of the revolving operation loans that are due and provided by China Coal Finance Co., Ltd. to member units other than China Coal Energy.
Other non-current assets	8,544,763	4,713,045	81.3	Mainly due to the increase in medium and long term loans provided by China Coal Finance Co., Ltd. to member units other than China Coal Energy.
Other payables	6,113,710	9,027,342	-32.3	Mainly due to the effects of, among other things, the payment of dividends declared in the previous year by some non-wholly-owned enterprises.
Non-current liabilities due within one year	19,821,066	31,168,160	-36.4	Mainly due to the repayment of long-term borrowings and bonds payables due.
Bond payables	7,981,863	12,977,222	-38.5	Mainly due to the reclassification of bond payables due within one year as “Non-current liabilities due within one year” for presentation.
Long-term payables	5,568,085	4,226,049	31.8	Mainly due to the increase in intangible assets with the recognition of revenue from the transfer of mining rights pursuant to relevant national policies by coal production enterprises owned by the Company, and at the same time due to the inclusion of the portions with payment terms of over one year into long-term payables.

Items	As at 30 September 2023	As at 31 December 2022	Percentage change (%)	Major reasons
Investment gains	2,508,065	3,928,092	-36.2	Mainly due to the decline in market prices of coal and coal chemical products, the year-on-year decrease in profitability of shareholding companies, which resulted in the corresponding decrease in investment gains recognized in proportional to the shareholding of the Company.
Asset impairment losses (losses are denoted by “-”)	-16,842	-1,912,762	-99.1	Mainly due to the impairment test conducted in the corresponding period of the previous year on assets with indications of impairment such as coal mines with reduced recoverable reserves due to changes in geological conditions as well as coal chemical enterprises and power plants with operating losses, and the provision of assets impairment based on the impairment test results.

2. Revenue, cost and gross profit of coal operations

For the period from January to September 2023, the Company’s coal business achieved sales revenue of RMB132.370 billion, representing a decrease of RMB18.812 billion or 12.4% as compared with RMB151.182 billion for the corresponding period of the previous year. Among them: sales revenue from self-produced commercial coal amounted to RMB60.131 billion, representing a decrease of RMB6.953 billion or 10.4% as compared with RMB67.084 billion for the corresponding period of the previous year, mainly because the selling price of self-produced commercial coal decreased by RMB127/tonne year-on-year, decreasing revenue by RMB12.655 billion, and the sales volume increased by 7.80 million tonnes year-on-year, increasing revenue by RMB5.702 billion. Sales revenue of proprietary coal trading amounted to RMB72.201 billion, representing a decrease of RMB11.836 billion or 14.1% as compared with RMB84.037 billion for the corresponding period of the previous year, mainly because the selling price of proprietary coal trading decreased by RMB152/tonne year-on-year, decreasing revenue by RMB16.631 billion; and the sales volume increased by 5.90 million tonnes year-on-year, increasing revenue by RMB4.795 billion.

For the period from January to September 2023, the cost of sales of the Company’s coal operations amounted to RMB100.914 billion, representing a decrease of RMB10.510 billion or 9.4% as compared with RMB111.424 billion for the corresponding period of the previous year. Among them, cost of sales of self-produced commercial coal increased by RMB1.257 billion year-on-year, which was due to the combined effect of the year-on-year increase in sales volume by 7.8 million tonnes and the year-on-year decrease in unit cost of sales by RMB11.39/tonne; cost of sales of proprietary coal trading decreased by RMB11.767 billion year-on-year, which was due to the combined effect of the year-on-year decrease in unit cost of sales by RMB151/tonne and the year-on-year increase in sales volume by 5.90 million tonnes.

For the period from January to September 2023, the Company's self-produced commercial coal expanded in terms of the scale of production and sales and the unit cost of sales recorded a year-on-year decrease. However, with the year-on-year decrease in selling price under market influence, coal operations realized gross profit of RMB31.456 billion, representing a decrease of RMB8.302 billion or 20.9% as compared with RMB39.758 billion for the corresponding period of the previous year.

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

Currency: RMB

Items		January to September 2023		January to September 2022		Year-on-year			
						Increase/decrease in amount		Increase/decrease in percentage	
		Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	9,967	603	9,187	730	780	-127	8.5	-17.4
	(I) Thermal coal	9,114	532	8,354	627	760	-95	9.1	-15.2
	1. Domestic sale	9,114	532	8,353	626	761	-94	9.1	-15.0
	2. Export	☆	☆	1	2,522	-1	-	-	-
	(II) Coking coal	853	1,364	833	1,769	20	-405	2.4	-22.9
	1. Domestic sale	853	1,364	833	1,769	20	-405	2.4	-22.9
II. Proprietary coal trading	Total	10,940	660	10,350	812	590	-152	5.7	-18.7
	(I) Domestic resale	10,828	656	10,251	808	577	-152	5.6	-18.8
	(II) Self-operated export	37	1,894	41	2,054	-4	-160	-9.8	-7.8
	(III) Import trading	75	657	58	729	17	-72	29.3	-9.9
III. Import and export and domestic agency★	Total	573	7	905	7	-332	0	-36.7	0.0
	(I) Import agency	7	16	☆	☆	7	-	-	-
	(II) Export agency	23	68	18	50	5	18	27.8	36.0
	(III) Domestic agency	543	4	887	6	-344	-2	-38.8	-33.3

☆: N/A.

★: Selling price represents the agency service fee.

Note: Sales volume of commercial coal is before netting of inter-segmental sales within the Company, which was 13.54 million tonnes for the period from January to September 2023 and 12.63 million tonnes for the period from January to September 2022.

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

Unit: RMB/tonne Currency: RMB

Items	January to September 2023	January to September 2022	Year-on-year	
			Increase/decrease in amount	Increase/decrease in percentage (%)
Materials costs	54.53	59.85	-5.32	-8.9
Staff costs	45.25	45.55	-0.30	-0.7
Depreciation and amortization	51.07	50.42	0.65	1.3
Repair expenses	12.33	12.63	-0.30	-2.4
Outsourcing mining engineering fee	28.16	27.45	0.71	2.6
Transportation costs and port expenses	61.86	67.98	-6.12	-9.0
Other costs ★	41.59	42.30	-0.71	-1.7
Unit cost of sales of self-produced commercial coal	294.79	306.18	-11.39	-3.7

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

For the period from January to September 2023, the Company's unit cost of sales of self-produced commercial coal was RMB294.79/tonne, representing a decrease of RMB11.39/tonne or 3.7% year-on-year, which was mainly due to the year-on-year decrease of coal material cost per tonne as the Company recorded a year-on-year decrease of stripping of open pit mines and lower material consumption pursuant to production organisation and arrangement as well as local regulatory requirements; and the year-on-year decrease in transportation costs and port expenses per tonne of coal due to the decrease in proportion of the sales volume of self-produced commercial coal for which the Company bore the transportation costs and port expenses to the total sales volume of the Company's self-produced commercial coal.

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

Currency: RMB

Items	January to September 2023		January to September 2022		Year-on-year			
	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease in percentage	
					Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Polyolefin	110.5	6,914	107.3	7,514	3.2	-600	3.0	-8.0
1. Polyethylene	57.3	7,177	53.7	7,573	3.6	-396	6.7	-5.2
2. Polypropylene	53.2	6,631	53.6	7,455	-0.4	-824	-0.7	-11.1
II. Urea	170.4	2,408	141.1	2,645	29.3	-237	20.8	-9.0
III. Methanol	146.5	1,752	130.0	1,934	16.5	-182	12.7	-9.4
Of which: Inter-segment self-consumption	143.1	1,755	105.5	1,939	37.6	-184	35.6	-9.5
External sales	3.4	1,697	24.5	1,913	-21.1	-216	-86.1	-11.3
IV. Ammonium nitrate	41.5	2,386	35.2	2,641	6.3	-255	17.9	-9.7

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

Unit: RMB/tonne Currency: RMB

Items	January to September 2023	January to September 2022	Year-on-year	
			Increase/decrease in amount	Increase/decrease in percentage (%)
I. Polyolefin	6,071	6,986	-915	-13.1
1. Polyethylene	6,076	6,999	-923	-13.2
2. Polypropylene	6,066	6,972	-906	-13.0
II. Urea	1,591	1,923	-332	-17.3
III. Methanol	1,849	1,952	-103	-5.3
IV. Ammonium nitrate	1,619	946	673	71.1

II. INFORMATION OF SHAREHOLDERS

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

Unit: shares

Total number of shareholders of ordinary shares at the end of the reporting period	101,570	Total number of shareholders of preference shares with voting rights restored at the end of the reporting period (if any)	-			
Particulars of top 10 shareholders						
Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholding held (%)	Number of shares subject to trading moratorium held	Shares pledged, marked or frozen	
					Status	Number
China National Coal Group Corporation	State-owned legal person	7,605,207,608	57.36%	-	Nil	0
HKSCC NOMINEES LIMITED	Overseas legal person	3,958,922,469	29.86%	-	Unknown	-
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	State-owned legal person	335,624,355	2.53%	-	Nil	0
China Coal Hong Kong Limited (中煤能源香港有限公司)	Overseas legal person	132,351,000	1.00%	-	Nil	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	111,155,001	0.84%	-	Nil	0
China Reform Investment Co., Ltd. (國新投資有限公司)	State-owned legal person	79,789,238	0.60%	-	Nil	0
Central Huijin Asset Management Company Ltd. (中央匯金資產管理有限責任公司)	State-owned legal person	65,745,241	0.50%	-	Nil	0
Hua'an Securities Co., Ltd. – Client Credit Trading Guarantee Securities Account (華安證券股份有限公司客戶信用交易擔保證券賬戶)	Others	15,510,469	0.12%	-	Nil	0
Industrial and Commercial Bank of China Co., Ltd. – Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund (中國工商銀行股份有限公司 – 國泰中證煤炭交易型開放式指數證券投資基金)	Others	12,760,763	0.10%	-	Nil	0
Huatai Securities Co., Ltd. – Client Credit Trading Guarantee Securities Account (華泰證券股份有限公司客戶信用交易擔保證券賬戶)	Others	12,092,147	0.09%	-	Nil	0

Particulars of top 10 shareholders not subject to trading moratorium			
Name of shareholders	Number of listed shares held not subject to trading moratorium	Type and number of shares	
		Type	Number
China National Coal Group Corporation	7,605,207,608	Ordinary shares denominated in RMB	7,605,207,608
HKSCC NOMINEES LIMITED	3,958,922,469	Overseas listed foreign shares	3,958,922,469
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	335,624,355	Ordinary shares denominated in RMB	335,624,355
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	Overseas listed foreign shares	132,351,000
Hong Kong Securities Clearing Company Limited	111,155,001	Ordinary shares denominated in RMB	111,155,001
China Reform Investment Co., Ltd. (國新投資有限公司)	79,789,238	Ordinary shares denominated in RMB	79,789,238
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	65,745,241	Ordinary shares denominated in RMB	65,745,241
Hua'an Securities Co., Ltd. – Client Credit Trading Guarantee Securities Account (華安證券股份有限公司客戶信用交易擔保證券賬戶)	15,510,469	Ordinary shares denominated in RMB	15,510,469
Industrial and Commercial Bank of China Co., Ltd. – Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund (中國工商銀行股份有限公司 – 國泰中證煤炭交易型開放式指數證券投資基金)	12,760,763	Ordinary shares denominated in RMB	12,760,763
Huatai Securities Co., Ltd. – Client Credit Trading Guarantee Securities Account (華泰證券股份有限公司客戶信用交易擔保證券賬戶)	12,092,147	Ordinary shares denominated in RMB	12,092,147

Particulars of top 10 shareholders not subject to trading moratorium			
Name of shareholders	Number of listed shares held not subject to trading moratorium	Type and number of shares	
		Type	Number
Explanations on affiliated relationship or parties acting in concert among the above-mentioned shareholders	China Coal Hong Kong Limited (中煤能源香港有限公司) is a wholly-owned subsidiary of China Coal Group (中煤集團), the controlling shareholder of the Company. It is not certain if any of the other shareholders are affiliated or acting in concert with each other.		
Details of top ten shareholders and top 10 shareholders not subject to trading moratorium participating in securities margin trading and short selling and refinancing (if any)	Nil		

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

- (1) The above information was prepared in accordance with the register of shareholders of the Company as at 30 September 2023 provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.
- (2) The A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of various customers.
- (3) The H shares held by HKSCC Nominees Limited are held on behalf of various customers.

As at 30 September 2023, according to the disclosure of interests published on the website of HKSE, Funde Sino Life Insurance Co., Ltd. had long positions in 2,012,858,147 H shares of the Company.

III. OTHER CAUTIONS

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

Applicable Not applicable

IV. OTHER DESCRIPTIONS

For details of the lawsuits involving Yihua Mining, Mengda Mining and Yinhe Hongtai Company, please refer to the relevant sections of 2021 annual report of the Company. Recently, these three mining companies received the second-instance (final) judgement from Inner Mongolia Autonomous Region Supreme People's Court, and it is judged that the results of the first-instance judgement shall be maintained. Relevant matters would not constitute any material impact on the production and operation and financial condition of the Company. Adhering to the principle of respecting history and complying laws and regulations, the Company will organise involved enterprises to conduct relevant consequential work, thereby fully safeguarding the legal interest of the Company.

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

Beijing, the PRC
25 October 2023

As at the date of this announcement, the Company's executive directors are Wang Shudong, Liao Huajun and Zhao Rongzhe; non-executive director is Xu Qian; independent non-executive directors are Zhang Chengjie, Jing Fengru and Hung Lo Shan Lusan.

* *For identification purpose only*