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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 2022

FINANCIAL HIGHLIGHTS:

- Revenue of the Group in the first half of 2022 was RMB118.039 billion, representing a year-on-year increase of RMB15.860 billion (or 15.5%).
- Profit attributable to the equity holders of the Company in the first half of 2022 was RMB14.529 billion, representing a year-on-year increase of RMB5.955 billion (or 69.5%).
- Basic earnings per share of the Company in the first half of 2022 amounted to RMB1.10, representing a year-on-year increase of RMB0.45.
- EBITDA in the first half of 2022 was RMB29.076 billion, representing a year-on-year increase of RMB9.150 billion (or 45.9%).
- The Company does not distribute interim dividends for 2022.

The Board announces the interim results of the Group for the six months ended 30 June 2022 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, Ernst & Young.

* For identification purpose only

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Restated)
Other comprehensive income (expense):			
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>149,545</u>	<u>10,235</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		10,405	(8,725)
Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		(758)	(1,588)
Exchange differences arising on translation of foreign operations		<u>(6,587)</u>	<u>(16,552)</u>
		<u>3,060</u>	<u>(26,865)</u>
Other comprehensive income/(expense) for the period, net of tax		<u>152,605</u>	<u>(16,630)</u>
Total comprehensive income for the period		<u><u>19,959,306</u></u>	<u><u>11,471,633</u></u>
Profit for the period attributable to:			
Equity holders of the Company		14,529,437	8,573,792
Non-controlling interests		<u>5,277,264</u>	<u>2,914,471</u>
		<u><u>19,806,701</u></u>	<u><u>11,488,263</u></u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		14,682,879	8,565,062
Non-controlling interests		<u>5,276,427</u>	<u>2,906,571</u>
		<u><u>19,959,306</u></u>	<u><u>11,471,633</u></u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB)			
	7	<u><u>1.10</u></u>	<u><u>0.65</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

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

		30 June 2022	31 December 2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Restated)
Current liabilities			
Trade and notes payables	9	25,124,509	27,264,143
Contract liabilities		4,320,200	5,372,787
Accruals, advances and other payables		36,144,225	29,682,567
Taxes payables		3,469,275	3,183,238
Lease liabilities		79,339	74,325
Short-term borrowings		533,547	654,155
Current portion of long-term borrowings		25,910,107	11,578,247
Current portion of long-term bonds		474,191	10,063,267
Current portion of provision for close down, restoration and environmental costs		40,361	66,874
		<hr/>	<hr/>
Total current liabilities		96,095,754	87,939,603
Non-current liabilities			
Long-term borrowings		46,186,465	60,862,670
Long-term bonds		13,777,470	14,173,894
Deferred income tax liabilities		5,470,732	5,597,260
Lease liabilities		391,809	419,448
Provision		42,093	79,532
Provision for employee benefits		101,669	96,972
Provision for close down, restoration and environmental costs		4,984,572	3,583,885
Deferred revenue		2,321,320	2,350,555
Other long-term liabilities		4,441,437	4,264,637
		<hr/>	<hr/>
Total non-current liabilities		77,717,567	91,428,853
		<hr/>	<hr/>
Total liabilities		173,813,321	179,368,456
Equity			
Share capital		13,258,663	13,258,663
Reserves		50,423,366	49,251,789
Retained earnings		60,984,065	51,599,022
		<hr/>	<hr/>
Equity attributable to the equity holders of the Company		124,666,094	114,109,474
Non-controlling interests		34,102,737	28,722,990
		<hr/>	<hr/>
Total equity		158,768,831	142,832,464
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		332,582,152	322,200,920
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. ORGANISATION AND PRINCIPAL ACTIVITIES

China Coal Energy Company Limited (the “Company”) was established in The People’s Republic of China (the “PRC”) on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring 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 thousands of 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 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. SEGMENTS INFORMATION

3.1 General information

(a) Factors that management considered when identifying the operating and reportable segments

The chief operating decision maker (“CODM”) has been identified as the management.

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 mainly include coal segment, coal chemical segment, mining machinery segment and finance segment.

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

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

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

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

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

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

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

	For the six months ended 30 June 2022 (Unaudited) and as at 30 June 2022(Unaudited)								
	Coal operations RMB'000	Coal- chemical operations RMB'000	Coal mining equipment RMB'000	Financial operations RMB'000	Others RMB'000	Total segment RMB'000	Unallocated RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Segment revenue									
Total revenue	101,825,099	12,402,469	5,416,383	1,124,840	4,071,401	124,840,192	-	(6,801,463)	118,038,729
Inter-segment revenue	(5,078,885)	(246,913)	(654,153)	(209,049)	(612,463)	(6,801,463)	-	6,801,463	-
Revenue from external customers	<u>96,746,214</u>	<u>12,155,556</u>	<u>4,762,230</u>	<u>915,791</u>	<u>3,458,938</u>	<u>118,038,729</u>	<u>-</u>	<u>-</u>	<u>118,038,729</u>
Segment results									
Profit (loss) from operations	21,663,227	1,354,851	332,666	593,844	(113,422)	23,831,166	(150,736)	190,018	23,870,448
Profit (loss) before income tax	22,496,727	2,450,716	316,624	593,485	(134,888)	25,722,664	(778,846)	47,099	24,990,917
Interest income	115,911	32,429	16,237	-	10,904	175,481	408,407	(558,832)	25,056
Interest expense	(886,370)	(396,600)	(41,255)	-	(84,039)	(1,408,264)	(1,120,909)	460,607	(2,068,566)
Depreciation and amortisation	(3,185,043)	(1,586,003)	(212,577)	(747)	(210,955)	(5,195,325)	(9,794)	-	(5,205,119)
Share of profits of associates and joint ventures	1,600,575	1,460,246	11,070	-	-	3,071,891	84,562	-	3,156,453
Income tax expense	(4,675,311)	(228,052)	(28,220)	(144,797)	(109,926)	(5,186,306)	-	2,090	(5,184,216)
Other material non-cash items									
Impairment of (provision for) property, plant and equipment	(702,480)	(695,879)	-	-	-	(1,398,359)	-	-	(1,398,359)
Reversal of impairment of (provision for) other assets	(176,629)	(25,690)	(15,835)	(42,084)	(301,705)	(561,943)	(1,822)	60,960	(502,805)
Addition to non-current assets	2,390,869	1,945,338	84,985	-	8,726	4,429,918	2,400	-	4,432,318
Segment assets and liabilities									
Total assets	<u>160,085,867</u>	<u>62,968,444</u>	<u>20,037,070</u>	<u>81,391,809</u>	<u>13,011,851</u>	<u>337,495,041</u>	<u>13,333,853</u>	<u>(18,246,742)</u>	<u>332,582,152</u>
Including: interests in associates and joint ventures	<u>9,317,329</u>	<u>14,692,959</u>	<u>592,033</u>	<u>-</u>	<u>86,637</u>	<u>24,688,958</u>	<u>3,952,988</u>	<u>-</u>	<u>28,641,946</u>
Total liabilities	<u>65,660,132</u>	<u>19,818,744</u>	<u>9,031,822</u>	<u>76,215,359</u>	<u>9,451,075</u>	<u>180,177,132</u>	<u>63,576,724</u>	<u>(69,940,535)</u>	<u>173,813,321</u>

For the six months ended 30 June 2021 and as at 31 December 2021(Restated)

	Coal operations <i>RMB'000</i>	Coal- chemical operations <i>RMB'000</i>	Coal mining equipment <i>RMB'000</i>	Financial operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue									
Total revenue	86,787,214	10,665,377	4,958,479	745,276	4,317,077	107,473,423	–	(5,293,938)	102,179,485
Inter-segment revenue	<u>(3,811,068)</u>	<u>(184,495)</u>	<u>(525,344)</u>	<u>(185,395)</u>	<u>(587,636)</u>	<u>(5,293,938)</u>	<u>–</u>	<u>5,293,938</u>	<u>–</u>
Revenue from external customers	<u>82,976,146</u>	<u>10,480,882</u>	<u>4,433,135</u>	<u>559,881</u>	<u>3,729,441</u>	<u>102,179,485</u>	<u>–</u>	<u>–</u>	<u>102,179,485</u>
Segment results									
Profit (loss) from operations	11,898,789	1,673,451	281,209	470,543	428,031	14,752,023	(183,330)	4,554	14,573,247
Profit (loss) before income tax	11,715,874	2,459,564	241,393	470,161	347,953	15,234,945	(826,038)	19,932	14,428,839
Interest income	189,137	22,456	9,180	–	7,808	228,581	537,598	(712,351)	53,828
Interest expense	(1,001,512)	(408,552)	(33,982)	–	(116,492)	(1,560,538)	(1,255,816)	754,939	(2,061,415)
Depreciation and amortisation	(3,319,457)	(1,392,072)	(232,843)	(815)	(399,640)	(5,344,827)	(8,058)	–	(5,352,885)
Share of profits (losses) of associates and joint ventures	624,491	1,172,053	(18,895)	–	–	1,777,649	75,245	–	1,852,894
Income tax expense	(2,475,880)	(222,082)	(33,307)	(116,470)	(57,457)	(2,905,196)	–	(35,380)	(2,940,576)
Other material non-cash items									
Reversal of impairment of (provision for) other assets	(6,299)	(59)	(15,547)	(16,024)	5,520	(32,409)	(1,047)	15,413	(18,043)
Addition to non-current assets	7,938,277	3,953,127	198,532	126	67,611	12,157,673	(383,978)	–	11,773,695
Segment assets and liabilities									
Total assets	<u>164,854,985</u>	<u>58,781,692</u>	<u>19,243,827</u>	<u>75,667,250</u>	<u>11,538,899</u>	<u>330,086,653</u>	<u>13,587,599</u>	<u>(21,473,332)</u>	<u>322,200,920</u>
Including: interests in associates and joint ventures	<u>8,666,869</u>	<u>13,481,969</u>	<u>577,033</u>	<u>–</u>	<u>134,097</u>	<u>22,859,968</u>	<u>3,827,256</u>	<u>–</u>	<u>26,687,224</u>
Total liabilities	<u>70,356,829</u>	<u>20,835,953</u>	<u>9,031,696</u>	<u>70,933,993</u>	<u>5,594,810</u>	<u>176,753,281</u>	<u>68,508,960</u>	<u>(65,893,785)</u>	<u>179,368,456</u>

3.3 Geographical information

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

Analysis of revenue

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Restated)
Domestic markets	117,292,121	101,643,875
Overseas markets	746,608	535,610
	118,038,729	102,179,485

Analysis of non-current assets

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

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

3.4 Major customers

No revenue from transaction with any single external customer accounted for 10% or more of the Group's revenue for the six months ended 30 June 2022 and 2021.

4. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Restated)
Finance income:		
– Interest income on bank deposits	24,957	38,802
– Interest income on loans	99	15,026
Total finance income	<u><u>25,056</u></u>	<u><u>53,828</u></u>
Interest expense:		
– Borrowings	1,470,235	1,468,374
– Bonds payable	531,580	646,139
– Unwinding of discount	180,119	151,016
– Lease liabilities	10,966	13,381
Other incidental bank charges	5,693	320
Net foreign exchange gains	(13,219)	(10,605)
	<u>2,185,374</u>	<u>2,268,625</u>
Less: amounts capitalised on qualifying assets (<i>Note</i>)	<u>(124,334)</u>	<u>(217,495)</u>
Total finance costs	<u><u>2,061,040</u></u>	<u><u>2,051,130</u></u>
Finance costs, net	<u><u>(2,035,984)</u></u>	<u><u>(1,997,302)</u></u>

Note:

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

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

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Restated)
Current income tax		
– PRC enterprise income tax (<i>Note</i>)	5,516,199	2,993,718
Deferred income tax	(331,983)	(53,142)
	<u>5,184,216</u>	<u>2,940,576</u>

Note:

The PRC enterprise income tax is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in both periods is 25% of the assessable income of each of the companies now comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rate of 15% or 20% based on the relevant PRC tax laws and regulations.

6. DIVIDENDS

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

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

7. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2022 and 2021 is calculated by dividing the profit attributable to equity holders of the Company by 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 2022 and 2021, diluted earnings per share equals to basic earnings per share.

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

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

Notes:

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Within six months	6,890,628	5,684,971
Six months to one year	719,886	942,306
One year to two years	635,272	521,267
Two years to three years	216,961	246,589
Over three years	454,497	373,032
Trade receivables, net	8,917,244	7,768,165

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

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

- (c) The carrying amounts of trade receivables approximate to their fair values.
- (d) As at 30 June 2022, the Group pledged the contractual right to charge uses for electricity in the future with an amount of RMB96,469,000 (31 December 2021 (Audited): RMB162,471,000) to banks for long-term borrowings amounting to RMB2,223,304,000 (31 December 2021 (Audited): RMB2,340,854,000).
- (e) Debt instruments at FVTOCI are notes receivable which were considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivable are principally bank-accepted notes with maturity of less than one year (31 December 2021 (Audited): less than one year).

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

- (f) Transfers of financial assets

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

As at 30 June 2022, the Group endorsed and discounted notes receivable of RMB3,730,166,000 (31 December 2021 (Audited): RMB4,219,790,000) and such notes receivable were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivable have a right of recourse against the Group if the issuing banks default on payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of the ownership relating to these notes receivable, and accordingly derecognised the full carrying amounts of the notes receivable and associated accounts payable. The maximum exposure to loss for the Group's continuing involvement, if any, in the endorsed and discounted notes receivable will be their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivable are not significant.

9. TRADE AND NOTES PAYABLES

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

Note:

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Restated)
Within one year	19,139,236	20,783,506
One year to two years	1,378,290	1,493,262
Two years to three years	517,811	565,699
Over three years	1,400,934	1,430,794
	22,436,271	24,273,261

10. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

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

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

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

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

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

Wang Shudong
Chairman
Beijing, the PRC
25 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

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

I. OVERVIEW

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

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

Unit: RMB100 million

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

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

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

Unit: RMB100 million

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

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

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

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

Unit: RMB100 million

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

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

Unit: RMB100 million

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

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

2. Cost of sales

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

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

Unit: RMB100 million

	For the six months ended 30 June 2022	For the six months ended 30 June 2021 (Restated)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	774.71	732.63	42.08	5.7
Coal chemical operations	100.38	87.52	12.86	14.7
Coal mining equipment operations	45.53	42.45	3.08	7.3
Financial operations	4.81	2.51	2.30	91.6
Other operations	37.26	37.68	-0.42	-1.1
Inter-segment elimination	-68.13	-52.03	-16.10	30.9
The Group	894.56	850.76	43.80	5.1

3. *Gross profit and gross profit margin*

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

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

Unit: RMB100 million

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

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

(II) Operating results of segments

1. Coal Operations Segment

- Revenue

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

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

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

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

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

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

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

★: Selling price is agency service fee.

☆: N/A for the period.

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

- *Cost of sales*

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

Unit: RMB100 million

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

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

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

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

Unit: RMB/tonne

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

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

- *Gross profit and gross profit margin*

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

2. Coal Chemical Operations Segment

- *Revenue*

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

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

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

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

- *Cost of sales*

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

Unit: RMB100 million

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

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

Unit: RMB/tonne

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

- *Gross profit and gross profit margin*

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

3. *Coal Mining Equipment Operations Segment*

- *Revenue*

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

- *Cost of sales*

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

Unit: RMB100 million

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

- *Gross profit and gross profit margin*

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

4. *Financial Operations Segment*

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

5. *Other Operations Segment*

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

(III) Selling, general and administrative expenses

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

(IV) Finance income and finance cost

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

(V) Share of profits of associates and joint ventures

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

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

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

III. CASH FLOW

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

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

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

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

IV. SOURCES OF CAPITAL

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

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

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

V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

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

(II) Mining rights

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

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

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

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

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

(V) Borrowings

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

(VI) Long-term bonds

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

VI. OVERSEAS ASSETS

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

VII. SIGNIFICANT CHARGE OF ASSETS

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

VIII. SIGNIFICANT INVESTMENT

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

IX. MATERIAL ACQUISITIONS AND DISPOSALS

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

X. RISKS OF EXCHANGE RATE

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

XI. RISKS OF COMMODITY VALUE

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

XII. INDUSTRY RISKS

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

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

XIII. CONTINGENT LIABILITIES

(I) Bank guarantees

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

Unit: RMB10 thousand

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

(II) Environmental protection responsibilities

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

(III) Contingent legal liabilities

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

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

BUSINESS PERFORMANCE

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY

(1) Coal Operations

1. Coal production

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

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

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

2. Coal sales

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

Table on Coal Sales

Unit: 10 thousand tonnes

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

(2) Coal Chemical Operations

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

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

Table on Production and Sales of Coal Chemical Products

Unit: 10 thousand tonnes

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

Notes: 1. The process for manufacturing the Group's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas (CO+H₂), which is then purified to produce synthetic ammonia or methanol. Synthetic ammonia and carbon dioxide are used to produce urea. Through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene.

2. The urea sales volume of the Group includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group. The project of Lingshi Chinacoal Chemical Co., Ltd. was discontinued and modified in 2022, leading to a year-on-year decrease of urea sales volume.

3. The methanol sales volume of the Group includes internal consumption volume.

(3) Coal Mining Equipment Operations

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

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

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

(4) Financial Operations

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

Table on Financial Operations

Unit: RMB100 million

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

(5) Synergy among Business Segments

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

II. ANALYSIS OF CORE COMPETITIVENESS

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

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

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

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

DISCLOSURE OF MAJOR EVENTS

I. DISTRIBUTION OF FINAL DIVIDENDS FOR 2021

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

II. INTERIM PROFIT DISTRIBUTION PLAN FOR 2022

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

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

V. OTHER DISCLOSED EVENTS

During the reporting period, the Company did not have other disclosure.

VI. SUBSEQUENT EVENTS

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

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

FORWARD-LOOKING STATEMENTS

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

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
Director(s)	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisor(s)	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
Finance Company	China Coal Finance Co., Ltd.
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Pingshuo Mine Area	a mining area located in Shanxi Province, mainly comprising Antaibao Open Pit Mine, Anjialing Open Pit Mine as well as East Open Pit Mine

Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited
Wangjialing Coal Mine	Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
Dongpo Coal Mine	Dongpo Coal Mine of Shanxi Zhongmei Dongpo Coal Industry Co., LTD.
Tangshangou Coal Mine	Tangshangou Coal Mine of Shanxi Zhongxin Tangshangou Coal Industry Company Limited
Yihua Mining	Ordos Yihua Mining Resources Company Limited (鄂爾多斯市伊化礦業資源有限責任公司)
Mengda Mining	Wushenqi Mengda Mining Company Limited (烏審旗蒙大礦業有限責任公司)
Yinhe Hongtai Company	Ordos Yinhe Hongtai Coal Power Company Limited (鄂爾多斯市銀河鴻泰煤電有限公司)
Antaibao 2×350MW low calorific value coal power generation project	Antaibao 2×350MW low calorific value coal power generation project of China Coal Antaibao Thermal Power Company Limited
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars

Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
RMB	RMB yuan