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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)

FIRST QUARTERLY REPORT 2023

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

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

This announcement is a summary of the 2023 first quarterly financial report of the Company for the three months ended 31 March 2023. The full text of the quarterly financial report will be available on the website of The Stock Exchange of Hong Kong Limited (the “**HKSE**”) on 27 April 2023. The full text of the quarterly financial report is in Chinese only.

IMPORTANT NOTICE

- (1) The board of directors and the supervisory committee of the Company together with the directors, supervisors and the senior management thereof guarantee that the content of this quarterly report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for the content of this report.
- (2) The person-in-charge of the Company, the person-in-charge of accounting affairs and the person responsible for the accounting department (head of the accounting department) guarantee that the financial statements set out in this quarterly report are true, accurate and complete.
- (3) Whether the first quarterly financial statements is audited or not

Yes No

I. MAJOR FINANCIAL DATA

(I) Major Accounting Data and Financial Indicators

Unit: RMB' 000

Items		The reporting period	Increase/decrease in the reporting period as compared to the corresponding period of the previous year (%)
Operational revenue		59,158,383	-4.2
Net profit attributable to shareholders of the listed company		7,155,268	5.3
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses		7,132,977	5.3
Net cash flows generated from operating activities		11,098,196	11.3
Basic earnings per share (RMB per share)		0.54	5.9
Diluted earnings per share (RMB per share)		0.54	5.9
Weighted average return on net assets (%)		5.32	Decreased by 0.44 percentage points
	As at the end of the reporting period	As at the end of the previous year	Increase/decrease in the reporting period as compared to the corresponding period of the previous year (%)
Total assets	348,420,972	340,109,262	2.4
Owners' equity attributable to shareholders of the listed company	138,289,367	130,764,501	5.8

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

Items	Amount for the reporting period	Explanations
Profit or loss on disposal of non-current assets	53	–
Government grants included in profit or loss for the current period, excluding those closely related to the Company's ordinary business and granted on an ongoing basis in fixed amount or volume according to certain principles under national policies	51,151	–
Gain or loss from external entrusted loans	48	–
Other non-operating income and expenses apart from the foregoing	-7,378	–
Less: Effect of income tax	10,466	–
Impact on minority shareholders' interests (after tax)	11,117	–
Total	22,291	–

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

Applicable Not applicable

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

Items	Unit	January to March 2023	January to March 2022	Percentage change %
I. Coal operations				
(I) Production volume of commercial coal	10,000 tonnes	3,330	3,049	9.2
Of which: Thermal coal	10,000 tonnes	3,051	2,721	12.1
Coking coal	10,000 tonnes	279	328	-14.9
(II) Sales volume of commercial coal	10,000 tonnes	7,477	6,957	7.5
1. Sales volume of self-produced coal	10,000 tonnes	3,257	3,081	5.7
2. Sales volume of proprietary coal trading	10,000 tonnes	3,931	3,720	5.7
3. Agency sales of coal	10,000 tonnes	289	156	85.3
II. Coal chemical operations				
(I) Polyolefin				
1. Production volume	10,000 tonnes	37.8	36.9	2.4
2. Sales volume	10,000 tonnes	36.5	32.9	10.9
(II) Urea				
1. Production volume	10,000 tonnes	47.9	47.7	0.4
2. Sales volume	10,000 tonnes	64.5	59.8	7.9
(III) Methanol				
1. Production volume	10,000 tonnes	49.9	50.5	-1.2
2. Sales volume	10,000 tonnes	50.7	49.3	2.8
(IV) Ammonium nitrate				
1. Production volume	10,000 tonnes	11.6	10.5	10.5
2. Sales volume	10,000 tonnes	12.1	9.8	23.5
III. Coal mining equipment operations				
Output value of coal mining equipment	RMB100 million	30.5	26.0	17.3

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

Unit: RMB' 000

	Net profit attributable to shareholders of the listed company		Net assets attributable to shareholders of the listed company	
	January to March 2023	January to March 2022	31 March 2023	31 December 2022
According to PRC GAAP	7,155,268	6,792,681	138,289,367	130,764,501
Items and amounts adjusted according to IAS:				
(a) Adjustment to special funds and deferred tax of the coal industry	398,217	615,491	-81,055	-80,617
(b) Adjustment to floating of non-tradable shares under equity split	-	-	-155,259	-155,259
(c) Adjustment to government grants	927	927	-13,913	-14,840
According to IAS	7,554,412	7,409,099	138,039,140	130,513,785

Explanations on major reconciliations are as follows:

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

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

Applicable Not applicable

(VI) Changes in Accounting Items and Analysis of Operational Status of Major Business Sectors

1. Analysis of Accounting Items with Notable Changes

Unit: RMB' 000

Items	As at 31 March 2023	As at 31 December 2022	Percentage change (%)	Major reasons
Account receivables	11,184,631	8,239,265	35.7	Mainly due to the increase in account receivables during the settlement period.
Prepayments	3,200,399	2,438,155	31.3	Mainly due to the increase in the Company's prepayment for railway transportation fees and the purchases of spare parts and materials based on the needs for production and sales activities.
Other receivables	3,522,551	2,590,011	36.0	Mainly due to the increase in dividends receivable from investee companies.
Other receivables	6,249,304	9,027,342	-30.8	Mainly due to the impact of the payment of dividends declared in the previous year by certain non-wholly-owned companies.

2. Revenue, cost and gross profit of coal operations

For the first quarter, the Company's coal operations achieved sales revenue of RMB50.744 billion, representing a decrease of RMB2.868 billion or 5.3% as compared with RMB53.612 billion for the same period of last year. Among them: sales revenue of self-produced commercial coal was RMB21.842 billion, representing a decrease of RMB562 million or 2.5% as compared with RMB22.404 billion for the same period of last year, mainly because the sales price of self-produced commercial coal decreased by RMB56/tonne year on year due to the Company's further implementation of the national policy to ensure supply and stabilize prices and the impact of the sales structure and variety, decreasing revenue by RMB1.845 billion, and the sales volume increased by 1.76 million tonnes year on year, increasing revenue by RMB1.283 billion. The sales revenue of proprietary coal trading was RMB28.885 billion, representing a decrease of RMB2.317 billion or 7.4% as compared with RMB31.202 billion for the same period of last year, mainly because the sales price of proprietary coal trading decreased by RMB104/tonne year on year due to the market situation, decreasing revenue by RMB4.083 billion, and the sales volume increased by 2.11 million tonnes year on year, increasing revenue by RMB1.766 billion.

The cost of sales of coal operations was RMB37.512 billion, representing a decrease of RMB3.108 billion or 7.7%, as compared to RMB40.620 billion for the same period of last year, of which, the cost of sales of self-produced commercial coal decreased by RMB768 million year on year, due to the combined effects of the year-on-year decrease of the unit cost of sales of self-produced commercial coal of RMB40.50/tonne and the year-on-year increase of sales volume of 1.76 million tonnes; the cost of sales of proprietary coal trading decreased by RMB2.340 billion year on year, due to the combined effects of the year-on-year decrease of the unit cost of sales of proprietary coal trading of RMB104/tonne and the year-on-year increase of its sales volume of 2.11 million tonnes.

The coal operations achieved a gross profit of RMB13.232 billion, representing an increase of RMB240 million or 1.9%, as compared with RMB12.992 billion for the same period of last year.

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

Currency: RMB

Items		January to March 2023		January to March 2022		Year-on-year			
		Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease in percentage	
						Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	3,257	671	3,081	727	176	-56	5.7	-7.7
	(I) Thermal coal	2,981	576	2,756	615	225	-39	8.2	-6.3
	1. Domestic sale	2,981	576	2,756	615	225	-39	8.2	-6.3
	(II) Coking coal	276	1,697	325	1,681	-49	16	-15.1	1.0
	1. Domestic sale	276	1,697	325	1,681	-49	16	-15.1	1.0
II. Proprietary coal trading	Total	3,931	735	3,720	839	211	-104	5.7	-12.4
	(I) Domestic resale	3,897	730	3,708	836	189	-106	5.1	-12.7
	(II) Self-operated exports	11	2,167	8	2,040	3	127	37.5	6.2
	(III) Import trading	23	840	4	1,029	19	-189	475.0	-18.4
III. Import and export and domestic agency★	Total	289	6	156	4	133	2	85.3	50.0
	(I) Import agency	7	16	☆	☆	7	-	-	-
	(II) Export agency	6	90	2	23	4	67	200.0	291.3
	(III) Domestic agency	276	4	154	4	122	0	79.2	0.0

★: Selling price is agency service fee.

☆: N/A.

Note: Sales volume of the commercial coal is before netting of inter-segmental sales within the Company which was 4.84 million tonnes in January to March 2023 and 4.35 million tonnes in January to March 2022.

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

Unit: RMB/tonne Currency: RMB

Items	January to March 2023	January to March 2022	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease in percentage (%)
Materials costs	51.05	59.90	-8.85	-14.8
Staff costs	36.19	42.95	-6.76	-15.7
Depreciation and amortization	48.30	49.37	-1.07	-2.2
Repair expenses	10.97	15.70	-4.73	-30.1
Outsourced mining engineering fee	33.41	32.83	0.58	1.8
Transportation costs and port expenses	58.82	68.98	-10.16	-14.7
Other costs ★	33.81	43.32	-9.51	-22.0
Unit cost of sales of self-produced commercial coal	272.55	313.05	-40.50	-12.9

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

In the first quarter, the Company's unit cost of sales of self-produced commercial coal was RMB272.55/tonne, representing a year-on-year decrease of RMB40.50/tonne or 12.9%. This was mainly attributable to changes in the sales flow of the Company's coal products, resulting in the year-on-year decrease in transportation costs and port expenses per tonne of coal due to the decrease in proportion of the sales volume of self-produced commercial coal for which the Company bore the transportation costs and port expenses to the total sales volume of the Company's self-produced commercial coal. According to the new Measures for the Administration of the use of safety production expenses, the year-on-year decrease in other costs such as special funds balance cost per tonne of coal due to the year-on-year increase in the Company's special funds expenditure; subject to the production organization arrangement and the influence of local supervision, the strip the open-pit mines and excavate the underground mines have decreased year-on-year, resulting in a decreasing cost of materials per ton of coal and cost of labor per ton of coal year-on-year; according to the use of production equipment, the reduction in repair and maintenance expenses, as well as the dilution effect of the increase in self-produced commercial coal production led to a year-on-year decrease in maintenance expenses per ton of coal.

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

Currency: RMB

Items	January to March 2023		January to March 2022		Year-on-year			
	Sales Volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease in percentage	
					Sales Volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I Polyolefin	36.5	7,056	32.9	7,703	3.6	-647	10.9	-8.4
1. Polyethylene	18.4	7,255	16.4	7,878	2.0	-623	12.2	-7.9
2. Polypropylene	18.1	6,855	16.5	7,528	1.6	-673	9.7	-8.9
II Urea	64.5	2,718	59.8	2,596	4.7	122	7.9	4.7
III Methanol	50.7	1,832	49.3	1,858	1.4	-26	2.8	-1.4
Of which: Inter-segment self-consumption volume	48.3	1,843	39.9	1,875	8.4	-32	21.1	-1.7
External sales	2.4	1,625	9.4	1,788	-7.0	-163	-74.5	-9.1
IV Ammonium Nitrate	12.1	2,459	9.8	2,733	2.3	-274	23.5	-10.0

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

Unit: RMB/tonne Currency: RMB

Items	January to March 2023	January to March 2022	Year-on-year	
			Increase/decrease in amount	Increase/decrease in percentage (%)
I Polyolefin	6,262	6,635	-373	-5.6
1. Polyethylene	6,307	6,704	-397	-5.9
2. Polypropylene	6,216	6,568	-352	-5.4
II Urea	1,837	1,714	123	7.2
III Methanol	2,130	1,752	378	21.6
IV Ammonium Nitrate	1,254	1,192	62	5.2

II. INFORMATION OF SHAREHOLDERS

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

Unit: shares

Total number of shareholders of ordinary shares at the end of the Reporting Period	126,715	Total number of shareholders of preference shares with voting rights restored at the end of the Reporting Period (if any)	-			
Particulars of top 10 shareholders						
Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholding (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen	
					Status	Number
China National Coal Group Corporation	State-owned legal person	7,605,207,608	57.36	-	Nil	0
HKSCC NOMINEES LIMITED	Overseas legal person	3,958,768,746	29.86	-	Unknown	-
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	State-owned legal person	335,624,355	2.53	-	Nil	0
China Coal Hong Kong Limited (中煤能源香港有限公司)	Overseas legal person	132,351,000	1.00	-	Nil	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	103,486,480	0.78	-	Nil	0
Central Huijin Asset Management Company Ltd. (中央匯金資產管理有限責任公司)	State-owned legal person	65,745,241	0.50	-	Nil	0
Li Qingsheng	Domestic natural person	40,779,903	0.31	-	Nil	0
Bank of Beijing Co., Ltd. – Invesco Great Wall Jingyi Dual Return Bond Securities Investment Fund (北京銀行股份有限公司 – 景順長城景頤雙利債券型證券投資基金)	Others	29,723,001	0.22	-	Nil	0
China Reform Investment Co., Ltd. (國新投資有限公司)	State-owned legal person	18,728,010	0.14	-	Nil	0
China Merchants Bank Co., Ltd. – Wanjia Macro Timing Multiple Strategies Flexible Allocation Hybrid Equity Investment Fund (招商銀行股份有限公司 – 萬家宏觀擇時多策略靈活配置混合型證券投資基金)	Others	17,163,394	0.13	-	Nil	0

Particulars of top 10 shareholders not subject to trading moratorium			
Name of Shareholder	Number of listed shares held not subject to trading moratorium	Type and number of Shares	
		Type	Number
China National Coal Group Corporation	7,605,207,608	Ordinary shares denominated in RMB	7,605,207,608
HKSCC NOMINEES LIMITED	3,958,768,746	Overseas listed foreign shares	3,958,768,746
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	335,624,355	Ordinary shares denominated in RMB	335,624,355
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	Overseas listed foreign shares	132,351,000
Hong Kong Securities Clearing Company Limited	103,486,480	Ordinary shares denominated in RMB	103,486,480
Central Huijin Asset Management Company Ltd. (中央匯金資產管理有限責任公司)	65,745,241	Ordinary shares denominated in RMB	65,745,241
Li Qingsheng	40,779,903	Ordinary shares denominated in RMB	40,779,903
Bank of Beijing Co., Ltd. – Invesco Great Wall Jingyi Dual Return Bond Securities Investment Fund (北京銀行股份有限公司 – 景順長城景頤雙利債券型證券投資基金)	29,723,001	Ordinary shares denominated in RMB	29,723,001
China Reform Investment Co., Ltd. (國新投資有限公司)	18,728,010	Ordinary shares denominated in RMB	18,728,010
China Merchants Bank Co., Ltd. – Wanjia Macro Timing Multiple Strategies Flexible Allocation Hybrid Equity Investment Fund (招商銀行股份有限公司 – 萬家宏觀擇時多策略靈活配置混合型證券投資基金)	17,163,394	Ordinary shares denominated in RMB	17,163,394
Explanations on affiliated relationship or parties acting in concert among the above-mentioned shareholders	China Coal Hong Kong Limited (中煤能源香港有限公司) is a wholly-owned subsidiary of China Coal Group (中煤集團), the controlling shareholder of the Company. It is not certain if any of the other shareholders are affiliated or acting in concert with each other.		
Details of top 10 shareholders and top 10 shareholders not subject to trading moratorium participating in securities margin trading and short selling and refinancing (if any)	Nil		

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

- (1) The above information was prepared in accordance with the register of shareholders of the Company as at 31 March 2023 provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.
- (2) The A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of various customers.
- (3) The H shares held by HKSCC Nominees Limited are held on behalf of various customers.

As at 31 March 2023, according to the disclosure of interests published on the website of HKSE, Funde Sino Life Insurance Co., Ltd. had long positions in 2,012,858,147 H shares of the Company.

III. OTHER CAUTIONS

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

Applicable Not applicable

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

Beijing, the PRC
27 April 2023

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

* *For identification purpose only*