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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 2024**

FINANCIAL HIGHLIGHTS:

- Revenue of the Group in the first half of 2024 was RMB92.984 billion, representing a decrease of RMB16.373 billion or 15.0% as compared with the same period of 2023.
- Profit attributable to the equity holders of the Company in the first half of 2024 was RMB10.695 billion, representing a decrease of RMB2.037 billion or 16.0% as compared with the same period of 2023.
- Basic earnings per share of the Company in the first half of 2024 amounted to RMB0.81, representing a decrease of RMB0.15 as compared with the same period of 2023.
- EBITDA in the first half of 2024 was RMB23.107 billion, representing a decrease of RMB3.270 billion or 12.4% as compared with the same period of 2023.
- Pursuant to the approval and authorisation granted at the 2023 annual general meeting of the Company, the Board resolved the distribution of 2024 interim dividend of RMB0.221 per Share (inclusive of tax).

The Board announces the interim results of the Group for the six months ended 30 June 2024 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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | | Six months ended 30 June | |
|--|---|---------------------------------|--------------------|
| | | 2024 | 2023 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| | | <i>Notes</i> | |
| Revenue | | 92,983,870 | 109,356,726 |
| Cost of sales | | | |
| Materials used and goods traded | | (45,584,545) | (60,375,719) |
| Staff costs | | (4,836,987) | (3,912,743) |
| Depreciation and amortisation | | (4,825,596) | (5,391,492) |
| Repairs and maintenance | | (1,044,882) | (1,176,778) |
| Transportation costs and port expenses | | (6,125,321) | (5,504,323) |
| Sales taxes and surcharges | | (3,673,010) | (3,608,459) |
| Others | | (5,534,354) | (5,434,334) |
| | | (71,624,695) | (85,403,848) |
| Gross profit | | 21,359,175 | 23,952,878 |
| Selling expenses | | (418,465) | (455,731) |
| General and administrative expenses | | (2,993,952) | (2,866,095) |
| Other income, gains and losses, net | | 157,615 | 113,062 |
| Impairment losses under expected credit loss model, net of reversal | | (76,072) | (37,468) |
| Profit from operations | | 18,028,301 | 20,706,646 |
| Finance income | 4 | 55,510 | 35,814 |
| Finance costs | 4 | (1,330,759) | (1,609,051) |
| Share of profits of associates and joint ventures | | 1,229,499 | 2,059,027 |
| Profit before income tax | | 17,982,551 | 21,192,436 |
| Income tax expense | 5 | (3,903,234) | (4,477,837) |
| Profit for the period | | 14,079,317 | 16,714,599 |

| | Notes | Six months ended 30 June | |
|--|-------|--------------------------|-------------------|
| | | 2024 | 2023 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| Other comprehensive income/(loss) | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Share of other comprehensive loss of associates, net of related income tax | | (355) | (485) |
| Fair value changes on equity instruments at fair value through other comprehensive income, net of tax | | (320,292) | 137,549 |
| 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 | | (2,754) | 3,555 |
| Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss | | – | (6,176) |
| Exchange differences arising on translation of foreign operations | | (13,172) | 4,510 |
| Other comprehensive income for the period, net of tax | | (336,573) | 138,953 |
| Total comprehensive income for the period | | 13,742,744 | 16,853,552 |
| Profit for the period attributable to: | | | |
| Equity holders of the Company | | 10,695,209 | 12,731,596 |
| Non-controlling interests | | 3,384,108 | 3,983,003 |
| | | 14,079,317 | 16,714,599 |
| Total comprehensive income for the period attributable to: | | | |
| Equity holders of the Company | | 10,359,361 | 12,871,672 |
| Non-controlling interests | | 3,383,383 | 3,981,880 |
| | | 13,742,744 | 16,853,552 |
| Basic and diluted earnings per share for the profit attributable to equity holders of the Company (RMB) | 7 | 0.81 | 0.96 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

| | | 30 June 2024 | 31 December 2023 |
|--|-------|------------------------|----------------------|
| | Notes | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Non-current assets | | | |
| Property, plant and equipment | | 134,427,125 | 127,702,183 |
| Investment properties | | 63,201 | 65,148 |
| Right-of-use assets | | 694,851 | 746,675 |
| Mining rights | | 46,556,856 | 47,209,528 |
| Intangible assets | | 1,840,012 | 1,891,370 |
| Land use rights | | 6,643,453 | 6,537,032 |
| Goodwill | | 6,084 | 6,084 |
| Interests in associates | | 26,990,248 | 26,263,281 |
| Interests in joint ventures | | 4,327,142 | 4,539,186 |
| Equity instruments at fair value through other comprehensive income | | 2,498,832 | 2,866,145 |
| Deferred income tax assets | | 2,534,079 | 2,560,735 |
| Long-term receivables | | 236,908 | 333,051 |
| Other non-current assets | | 9,351,924 | 8,766,688 |
| Total non-current assets | | 236,170,715 | 229,487,106 |
| Current assets | | | |
| Inventories | | 8,576,347 | 8,734,988 |
| Trade receivables and notes receivables | 8 | 8,951,558 | 7,492,777 |
| Debt instruments at fair value through other comprehensive income | 8 | 3,281,570 | 3,309,821 |
| Contract assets | | 2,551,962 | 2,336,249 |
| Prepayments and other receivables | | 7,375,228 | 6,251,634 |
| Restricted bank deposits | | 10,225,542 | 9,926,996 |
| Term deposits with initial terms of over three months | | 46,794,627 | 50,032,871 |
| Cash and cash equivalents | | 37,206,618 | 31,582,885 |
| Total current assets | | 124,963,452 | 119,668,221 |
| TOTAL ASSETS | | 361,134,167 | 349,155,327 |

| | | 30 June 2024 | 31 December 2023 |
|--|--------------|-------------------------|-----------------------------|
| | <i>Notes</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (Unaudited) | (Audited) |
| Current liabilities | | | |
| Trade and notes payables | 9 | 25,430,467 | 26,737,859 |
| Contract liabilities | | 3,551,810 | 5,040,221 |
| Accruals, advances and other payables | | 51,655,778 | 42,635,896 |
| Lease liabilities | | 96,025 | 107,106 |
| Taxes payable | | 1,809,890 | 1,625,550 |
| Short-term borrowings | | 188,600 | 122,600 |
| Current portion of long-term borrowings | | 7,914,078 | 16,482,683 |
| Current portion of long-term bonds | | 9,785,775 | 5,325,108 |
| Current portion of provision for closedown, restoration and environmental costs | | 64,358 | 80,942 |
| Total current liabilities | | 100,496,781 | 98,157,965 |
| Non-current liabilities | | | |
| Long-term borrowings | | 47,766,765 | 42,774,978 |
| Long-term bonds | | 3,493,874 | 7,993,019 |
| Deferred income tax liabilities | | 4,448,855 | 4,661,399 |
| Lease liabilities | | 679,151 | 716,090 |
| Provision | | 28,482 | 39,310 |
| Provision for employee benefits | | 123,176 | 108,237 |
| Provision for closedown, restoration and environmental costs | | 6,226,353 | 5,849,519 |
| Deferred revenue | | 960,945 | 993,739 |
| Other long-term liabilities | | 9,172,440 | 5,337,510 |
| Total non-current liabilities | | 72,900,041 | 68,473,801 |
| Total liabilities | | 173,396,822 | 166,631,766 |
| Equity | | | |
| Share capital | | 13,258,663 | 13,258,663 |
| Reserves | | 54,348,391 | 53,342,865 |
| Retained earnings | | 79,594,267 | 77,280,846 |
| Equity attributable to the equity holders of the Company | | 147,201,321 | 143,882,374 |
| Non-controlling interests | | 40,536,024 | 38,641,187 |
| Total equity | | 187,737,345 | 182,523,561 |
| TOTAL EQUITY AND LIABILITIES | | 361,134,167 | 349,155,327 |

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

China Coal Energy Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring China National Coal Group Corporation (“China Coal Group” or the “Parent Company”) in preparing for the listing of the Company’s shares on The Main Board of The Stock Exchange of Hong Kong Limited (the “Restructuring”). China Coal Group is a subordinate enterprise of State-owned Assets Supervision and Administration Commission established in China. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in mining and coal processing, sales of coal and coal chemical, manufacturing and sales of coal mining equipment 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.

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

The interim condensed consolidated financial information has not been audited.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has 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 the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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

2.2 CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information is consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

| | |
|--------------------------------|--|
| Amendments to IFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i> |
| Amendments to IAS 1 | <i>Non-current Liabilities with Covenants</i> <i>(the “2022 Amendments”)</i> |
| Amendments to IAS 7 and IFRS 7 | <i>Supplier Finance Arrangements</i> |

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. SEGMENTS INFORMATION

3.1 General information

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

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

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

(b) *Operating and reportable segments*

The Group's operating and reportable segments mainly include coal segment, coal chemical segment, coal mining equipment segment and finance segment.

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

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

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

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

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

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

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

| For the six months ended 30 June 2024 and as at 30 June 2024 (Unaudited) | | | | | | | | | |
|--|--------------------|-------------------|-------------------|--------------------|-------------------|--------------------|-------------------|---------------------|--------------------|
| | Coal | Coal | Coal | Finance | Others | Total | Unallocated | Inter- | Total |
| | coal | chemical | mining | | | segment | | segment | |
| | RMB'000 | RMB'000 | equipment | RMB'000 | RMB'000 | RMB'000 | RMB'000 | elimination | RMB'000 |
| | | | RMB'000 | | | | | RMB'000 | RMB'000 |
| Segment revenue: | | | | | | | | | |
| Total revenue | 77,767,124 | 10,835,733 | 5,631,377 | 1,270,870 | 3,461,188 | 98,966,292 | - | (5,982,422) | 92,983,870 |
| Inter-segment revenue | (4,022,666) | (551,442) | (658,165) | (237,126) | (513,023) | (5,982,422) | - | 5,982,422 | - |
| Revenue from external customers | <u>73,744,458</u> | <u>10,284,291</u> | <u>4,973,212</u> | <u>1,033,744</u> | <u>2,948,165</u> | <u>92,983,870</u> | <u>-</u> | <u>-</u> | <u>92,983,870</u> |
| Segment results | | | | | | | | | |
| Profit/(loss) from operations | 14,990,984 | 1,871,611 | 332,611 | 709,766 | 269,180 | 18,174,152 | (220,515) | 74,664 | 18,028,301 |
| Profit/(loss) before income tax | 14,974,450 | 2,154,000 | 362,954 | 709,380 | 485,635 | 18,686,419 | (693,373) | (10,495) | 17,982,551 |
| Interest income | 204,107 | 35,367 | 18,836 | - | 64,708 | 323,018 | 186,911 | (454,419) | 55,510 |
| Interest expenses | (754,511) | (201,933) | (32,998) | - | (59,721) | (1,049,163) | (658,699) | 369,259 | (1,338,603) |
| Depreciation and amortisation | (3,194,014) | (1,468,020) | (154,509) | (1,076) | (252,391) | (5,070,010) | (9,107) | - | (5,079,117) |
| Share of profits of associates and joint ventures | 535,581 | 449,272 | 42,197 | - | 203,063 | 1,230,113 | (614) | - | 1,229,499 |
| Income tax expense | (3,319,192) | (293,345) | (53,204) | (182,528) | (57,080) | (3,905,349) | - | 2,115 | (3,903,234) |
| Other material non-cash items | | | | | | | | | |
| Provision for impairment of property, plant and equipment | (3,913) | - | - | - | - | (3,913) | - | - | (3,913) |
| (Provision)/reversal of impairment of other assets | (16,838) | (9) | (44,036) | (29,771) | 1,162 | (89,492) | 2,058 | 11,362 | (76,072) |
| Addition to non-current assets | 9,991,565 | 1,152,722 | 155,101 | 1,876 | 314,552 | 11,615,816 | 1,641 | - | 11,617,457 |
| Segment assets and liabilities | | | | | | | | | |
| Total assets | <u>181,326,717</u> | <u>54,996,641</u> | <u>18,666,064</u> | <u>106,144,936</u> | <u>30,406,927</u> | <u>391,541,285</u> | <u>5,423,791</u> | <u>(35,830,909)</u> | <u>361,134,167</u> |
| Including: interests in associates and joint ventures | <u>8,151,347</u> | <u>15,143,765</u> | <u>1,208,940</u> | <u>-</u> | <u>6,580,027</u> | <u>31,084,079</u> | <u>233,311</u> | <u>-</u> | <u>31,317,390</u> |
| Total liabilities | <u>78,529,987</u> | <u>17,961,395</u> | <u>9,169,019</u> | <u>93,604,187</u> | <u>14,520,293</u> | <u>213,784,881</u> | <u>58,616,067</u> | <u>(99,004,126)</u> | <u>173,396,822</u> |

For the six months ended 30 June 2023 (Unaudited) and as at 31 December 2023 (Audited)

| | Coal <i>RMB'000</i> | Coal chemical <i>RMB'000</i> | Coal mining equipment <i>RMB'000</i> | Finance <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 | 93,523,044 | 11,224,675 | 6,139,066 | 1,167,205 | 4,031,627 | 116,085,617 | – | (6,728,891) | 109,356,726 |
| Inter-segment revenue | (4,832,077) | (559,518) | (626,176) | (239,154) | (471,966) | (6,728,891) | – | 6,728,891 | – |
| Revenue from external customers | <u>88,690,967</u> | <u>10,665,157</u> | <u>5,512,890</u> | <u>928,051</u> | <u>3,559,661</u> | <u>109,356,726</u> | <u>–</u> | <u>–</u> | <u>109,356,726</u> |
| Segment results | | | | | | | | | |
| Profit/(loss) from operations | 17,793,920 | 1,415,221 | 445,374 | 621,493 | 453,498 | 20,729,506 | (106,259) | 83,399 | 20,706,646 |
| Profit/(loss) before income tax | 18,433,213 | 1,788,863 | 440,147 | 621,153 | 432,357 | 21,715,733 | (491,856) | (31,441) | 21,192,436 |
| Interest income | 200,720 | 33,086 | 14,045 | – | 48,931 | 296,782 | 290,661 | (551,629) | 35,814 |
| Interest expense | (803,214) | (297,164) | (38,855) | – | (112,784) | (1,252,017) | (817,051) | 465,976 | (1,603,092) |
| Depreciation and amortisation | (3,518,555) | (1,698,868) | (202,509) | (837) | (240,225) | (5,660,994) | (9,763) | – | (5,670,757) |
| Share of profits of associates and joint ventures | 1,260,757 | 638,037 | 17,339 | – | 1,838 | 1,917,971 | 141,056 | – | 2,059,027 |
| Income tax expense | (3,961,479) | (210,404) | (74,504) | (163,800) | (69,233) | (4,479,420) | – | 1,583 | (4,477,837) |
| Other material non-cash items | | | | | | | | | |
| Provision for impairment of property, plant and equipment | (15,761) | – | – | – | – | (15,761) | – | – | (15,761) |
| (Provision for)/Reversal of impairment of other assets | (9,686) | (23) | (14,187) | 559 | (4,970) | (28,307) | (153) | (9,008) | (37,468) |
| Addition to non-current assets | 19,791,727 | 2,075,070 | 301,661 | 2,616 | 133,403 | 22,304,477 | 29,854 | – | 22,334,331 |
| Segment assets and liabilities | | | | | | | | | |
| Total assets | <u>181,708,221</u> | <u>56,536,932</u> | <u>17,656,136</u> | <u>103,492,843</u> | <u>25,198,243</u> | <u>384,592,375</u> | <u>5,403,203</u> | <u>(40,840,251)</u> | <u>349,155,327</u> |
| Including: interests in associates and joint ventures | <u>14,387,287</u> | <u>14,697,924</u> | <u>1,166,709</u> | <u>–</u> | <u>316,619</u> | <u>30,568,539</u> | <u>233,928</u> | <u>–</u> | <u>30,802,467</u> |
| Total liabilities | <u>72,167,205</u> | <u>21,891,881</u> | <u>9,299,539</u> | <u>97,246,012</u> | <u>17,472,221</u> | <u>218,076,858</u> | <u>51,407,093</u> | <u>(102,852,185)</u> | <u>166,631,766</u> |

3.3 Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location of the operations. 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 | |
|------------------|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Domestic markets | 92,348,923 | 108,489,052 |
| Overseas markets | 634,947 | 867,674 |
| | 92,983,870 | 109,356,726 |

Analysis of non-current assets

| | 30 June | 31 December |
|------------------|--------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| Domestic markets | 230,894,884 | 223,726,579 |
| Overseas markets | 6,012 | 596 |
| | 230,900,896 | 223,727,175 |

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

3.4 Major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

4. FINANCE INCOME AND COSTS

| | Six months ended 30 June | |
|--|--------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Finance income: | | |
| – Interest income on bank deposits | 43,661 | 20,888 |
| – Interest income on loans receivable | 11,849 | 14,926 |
| | <hr/> | <hr/> |
| Total finance income | 55,510 | 35,814 |
| | <hr/> | <hr/> |
| Interest expenses: | | |
| – Borrowings | 922,318 | 1,181,432 |
| – Bonds payable | 260,222 | 287,595 |
| – Unwinding of discount | 207,703 | 160,579 |
| – Lease liabilities | 9,100 | 9,594 |
| Other incidental bank charges | 4,487 | 6,858 |
| Net foreign exchange gains | (12,331) | (899) |
| | <hr/> | <hr/> |
| Less: Amounts capitalised on qualifying assets (<i>Note</i>) | (60,740) | (36,108) |
| | <hr/> | <hr/> |
| Total finance costs | 1,330,759 | 1,609,051 |
| | <hr/> | <hr/> |
| Finance costs, net | (1,275,249) | (1,573,237) |
| | <hr/> | <hr/> |

Note:

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

| | Six months ended 30 June | |
|---|--------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Capitalisation rates used to determine the amount of finance costs eligible for capitalisation | 2.95%-3.95% | 3.53%-4.73% |
| | <hr/> | <hr/> |

5. INCOME TAX EXPENSE

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

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current income taxes: | | |
| – PRC corporate income taxes (<i>Note</i>) | 4,041,135 | 4,484,876 |
| Deferred income taxes | (137,901) | (7,039) |
| | <hr/> | <hr/> |
| Total tax charge for the period | 3,903,234 | 4,477,837 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 six months ended 30 June 2024, the Company declared a final dividend of RMB0.442 per share and a special dividend of RMB0.113 per share respectively based on a number of 13,258,663,400 ordinary shares, amounting to a total of approximately RMB7,360,214,700 for the year ended 31 December 2023 (six month ended 30 June 2023 (Unaudited): RMB0.413 per based on a number of 13,258,663,400 ordinary share, amounting to a total of RMB5,475,828,000 for the year ended 31 December 2022). The declaration of the aforementioned dividends were approved at the 2023 annual general meeting of the Company held on 28 June 2024.

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Basic earnings per share for the six months ended 30 June 2024 and 2023 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 2024 and 2023, diluted earnings per share equals to basic earnings per share.

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

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Trade receivables (<i>Notes (a), (b), (c) and (d)</i>) | 8,836,991 | 7,116,996 |
| Notes receivables (<i>Notes (f)</i>) | 114,567 | 375,781 |
| | <u>8,951,558</u> | <u>7,492,777</u> |
| Debt instruments at FVTOCI (<i>Notes (e) and (f)</i>) | <u>3,281,570</u> | <u>3,309,821</u> |

Note:

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

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|-----------------------------------|---|---|
| Within six months | 6,598,696 | 5,289,342 |
| Six months to one year | 518,900 | 448,014 |
| One year to two years | 1,033,485 | 1,059,141 |
| two years to three years | 586,352 | 278,909 |
| Over three years | 718,832 | 626,555 |
| Trade receivables, gross | 9,456,265 | 7,701,961 |
| Less: Allowance for credit losses | (619,274) | (584,965) |
| Trade receivables, net | <u>8,836,991</u> | <u>7,116,996</u> |

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

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|-------------------|---|---|
| RMB | 8,835,670 | 7,115,676 |
| US Dollar ("USD") | 1,321 | 1,320 |
| | <u>8,836,991</u> | <u>7,116,996</u> |

- (c) The carrying amounts of trade receivables approximate to their fair values.
- (d) As at 30 June 2024, the Group's trade receivable from sales of electric power amounting to RMB147,478,000 (31 December 2023 (Audited): RMB138,144,000) and the corresponding contractual right on further sales of electric power was pledged to secure a long-term bank loans amounting to RMB1,239,419,000 (31 December 2023 (Audited): RMB1,345,695,000).
- (e) Debt instruments at FVTOCI are notes receivables which were considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivables are principally bank-accepted notes with maturity of less than one year (31 December 2023 (Audited): less than one year).

As at 30 June 2024, the Group had no any debt instruments at FVTOCI pledged to secure any bank loans. (31 December 2023 (Audited): RMB51,362,000).

- (f) Transfers of financial assets

As at 30 June 2024, notes receivables endorsed but not matured amounting to RMB93,624,000 (31 December 2023 (Audited): RMB261,652,000) were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivables.

As at 30 June 2024, notes receivables endorsed or discounted but not matured under debt instruments at FVTOCI amounting to RMB2,366,225,000 (31 December 2023 (Audited): RMB4,137,515,000) were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivables 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 receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated trade payables. The maximum exposure to loss for the Group's continuing involvement, if any, in the endorsed and discounted notes receivables 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 receivables are not significant.

9. TRADE AND NOTES PAYABLES

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--------------------------------|---|---|
| Trade payables (<i>Note</i>) | 23,298,925 | 23,892,446 |
| Notes payables | 2,131,542 | 2,845,413 |
| | 25,430,467 | 26,737,859 |

Note:

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|------------------|---|---|
| Less than 1 year | 20,114,493 | 21,060,993 |
| 1 – 2 years | 1,561,361 | 1,325,907 |
| 2 – 3 years | 547,129 | 372,389 |
| Over 3 years | 1,075,942 | 1,133,157 |
| | 23,298,925 | 23,892,446 |

10. CONTINGENT LIABILITIES

For details of the litigation involving Yinhe Hongtai Company, please refer to the relevant section of the Company's 2023 annual report. The Company is in the process of negotiating with Wushenqi regarding the above contractual disputes on the transfer of mining rights as well as the specific settlement of the court judgment, which has yet to be clarified as to the specific settlement measures and the financial impact on the Group. The Company will continue to monitor the latest developments in these litigations to assess the possible implications.

11. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 16 July 2024, the Company issued 20,000,000 Science and Technology Innovation Corporate Bonds with a par value RMB100 each. These bonds carry a coupon rate of 2.58% per annum with terms of 15 years, and the interest charge will be paid on 16 July annually.

On 23 August 2024, according to the approval and authorisation of the Annual General Meeting for the year of 2023, the board of directors of the Company formulate and implement the interim profit distribution plan for the year of 2024 and declare an interim dividend of RMB0.221 (six months ended 30 June 2023: Nil) per ordinary share, amounting to a total of approximately RMB2,936,337,600 (six months ended 30 June 2023: Nil).

CHAIRMAN’S STATEMENT

Dear Shareholders,

In the first half of 2024, China Coal Energy resolutely implemented the decisions and deployment of the Party Central Committee and the State Council, firmly grasped the theme of high-quality development, comprehensively implemented the development direction of “efficiency enhancement and incremental transformation”, steadily and orderly promoted various operation and development tasks, continuously strengthened core functions and improved core competitiveness. Affected by the downward trend of coal market prices, the revenue amounted to RMB93.0 billion, representing a year-on-year decrease of 15.0%, and the profit attributable to shareholders of the Company amounted to RMB10.7 billion, representing a year-on-year decrease of 16.0%. Maintaining strong operating cash generation capabilities, production and sales activities generated a net operating cash inflow of RMB15.7 billion, representing a year-on-year increase of 4.1%.

In the first half of the year, we adhered to the primary responsibility of ensuring energy security and stable supply, released high-quality and advanced production capacity in an orderly manner. With the continuous progression of intelligent mines with high production volume and high efficiency, such as Dahaize Coal Mine and East Open Pit Mine, the production of 66.50 million tonnes of commercial coal was realised, which remained largely the same on a year-on-year basis. We also increased sales efforts to ensure supply, where 66.19 million tonnes of self-produced commercial coal were sold, representing a year-on-year increase of 1.34 million tonnes. The coal chemical business operated with “work safety, stable production, long period operation, fully-loaded operation and producing quality products”, and maintained the leading position in the industry in terms of efficiency. The production volume of three major export products, namely polyolefin, urea and ammonium nitrate, reached 2.058 million tonnes, representing a year-on-year increase of 20,000 tonnes. The coal mining equipment business actively constructed a full life-cycle service system, continuously promoted high-end intelligent and green transformation upgrades, with the total value of contracts entered into amounted to RMB13.544 billion and accounted for around 84% of middle-and high-end orders in major products. The financial business kept on intensifying lean management, with enhanced service and value creation capabilities.

In the first half of the year, we made significant progress in advancing the characteristic of China Coal Energy of “two combinations”, actively constructing a dense industrial chain of “coal, coal power, coal chemical and new energy”, and promoting deep integration and development of industries. Efforts were made in the Pingshuo Mine Area to stabilise production scale, ensure the supply of thermal coal, and develop coal power and new energy in an orderly manner. Antaibao 2×350MW low calorific value coal power generation project was on the verge of “dual launch”, with the 100MW agricultural and photovoltaic complementary projects along with subsequent 260MW photovoltaic project accelerating construction. In Inner Mongolia and Shaanxi areas, Dahaize Coal Mine with an annual production capacity of 20 million tonnes of high-quality thermal coal recorded stable release of mining capacity, with a year-on-year increase of 2.85 million tonnes in commercial coal production. The high-quality advancement of Wushenqi 2×660MW integrated coal power project, the construction commencement of Shaanxi Yulin’s coal chemical phase II project with an annual output of 900,000 tonnes of polyolefins, and the accelerated implementation of the Tok 100,000-tonne “Liquid Sunshine” demonstration project were notable. Shanghai Energy stabilised the production volume of high-quality coal at its headquarter, with the first phase of the 263MW new energy demonstration base project showing good post-commissioning results, and the second phase of the 132MW project entering an accelerated construction phase. With an annual production capacity of 4 million tonnes of anthracite, Libi Coal Mine of China Coal Huajin Company is smoothly advancing its plans for commissioning next year. The Group coordinated development and safety, continuously improved the safety and environmental management systems and mechanisms, increased investment in safety and environmental protection, conducted in-depth investigations and governance of hidden hazards, and maintained overall stability in safety, as a result of which no environmental emergencies occurred.

In the first half of the year, we continued to deepen reforms and innovations, enhancing the vitality and momentum for high-quality development. We solidly promoted the deepening of reforms through practical actions, focusing on enhancing the construction of boards of directors for subsidiaries, implementing the tenure system and contractual management for management members to improve quality and expand their scopes, and carrying out regional and professional reforms. We strengthened the enterprise’s position in terms of technological innovation, adhered to the “small internal brain + large external brain” strategy, refined the technological innovation system with China Coal Energy characteristics, fully leveraged the role of the Enterprise Innovation and Development Joint Foundation under the National Natural Science Foundation of China. We engaged in practical cooperation with the Beijing-Tianjin-Hebei National Technology Innovation Center in the field of energy and low carbon, actively integrated into the national innovation system and contributed to the development of national strategic technological capabilities. Efforts were made to advance the construction of a high-standard integrated intelligent control platform for production, operation and management, drawing on global best practices. Through digital and intelligent transformation, we aimed to drive conceptual changes, process reengineering, and value enhancement. We reinforced the security for innovation investment funding, and successfully issued a 15-year term technology innovation corporate bond of RMB2 billion to professional investors. We implemented 2023 final dividend, a special dividend and 2024 interim dividend to reward Shareholders with an amount of RMB10.3 billion, thereby effectively enhancing investors’ sense of achievement and satisfaction.

In the second half of the year, China Coal Energy will deepen its study and promotion of the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party, firmly adhere to the absolute principle of high quality development in the new era, further deepen reforms, and accelerate the development of new and high-quality productivity. **First**, we will firmly grasp the requirements for deepening reform and enhancement, continuously strengthen core functions and improve core competitiveness, resolutely complete the tasks of reform, deepening and enhancement, especially the latest reform tasks proposed by the Third Plenary Session of the 20th Central Committee of the Communist Party. **Second**, focusing on the goal of building a world-class energy enterprise, we will accelerate the development and planning of key projects construction, enhance energy supply capabilities, and expedite green and low-carbon transformation. **Third**, we will adhere to benchmarking against world-class standards, deepen quality improvements, strengthen lean management, solidly promote high-quality and stable growth, and successfully complete the annual production and operation objectives. **Fourth**, we will continue to improve the technological innovation system, harness both internal and external research advantages, intensify efforts in technological breakthroughs, and accelerate the development of new productivity. **Fifth**, we will continuously improve and strengthen the internal control management system and risk prevention and control system, persistently enhance work in safe production, ecological and environmental protection, energy conservation, emission reduction and other areas, and prevent and resolve various major risks. **Sixth**, we will further advance the special action to enhance the quality of state-owned listed companies, continuously improve corporate governance standards and information disclosure quality, improve investor communication on a multi-level and multi-dimensional basis, and uphold a positive image in the capital market.

The Company's management and staff of all levels will work diligently and courageously, moving forward with determination. We will strive to achieve new accomplishments in high-quality development on the journey of Chinese modernisation to reward shareholders and investors.

Wang Shudong
Chairman
Beijing, the PRC
23 August 2024

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 2024, the Group overcame difficulties and took positive actions. By scientifically organising production and sales, it actively stabilised production and ensured supply, worked hard to improve quality and efficiency, and maintained smooth and orderly production and operations despite the decline of coal prices and stricter supervision on the safety of coal mines. The Group realised a revenue of RMB92.984 billion, a decrease of RMB16.373 billion year-on-year, mainly due to a year-on-year decrease of the revenue of proprietary coal trading; a profit before tax of RMB17.983 billion, a decrease of RMB3.209 billion year-on-year; the profit attributable to the equity holders of the Company was RMB10.695 billion, a decrease of RMB2.037 billion year-on-year. Production and sales activities generated a net cash inflow of RMB15.740 billion, an increase of RMB0.626 billion year-on-year, reflecting sound capital management and operating cash generation capabilities.

The Group's major business segments, including coal, coal chemical, coal mining equipment and financial operations, maintained good profitability. Coal enterprises optimised production continuity and accelerated the release of production capacity. Despite a drop in the average selling price of self-produced commercial coal of RMB40/tonne which led to a decrease in revenue of RMB2.66 billion, sales increased by 1.34 million tonnes year-on-year which led to an increase in revenue of RMB834 million; by continuously optimising production processes and operating procedures, improving production efficiency and actively controlling costs, the unit cost of sales of self-produced commercial coal came in at RMB332.26/tonne, an increase of RMB7.80/tonne year-on-year but a decrease of RMB21.57/tonne from the full-year level in 2023. The coal operations achieved a gross profit of RMB17.241 billion on steady and sound operations. Coal chemical enterprises strengthened equipment management, and stabilised operation of equipment. Given that the selling prices of urea and ammonium nitrate fell and the price of polyolefin remained largely the same year-on-year, the unit cost of sales of major products decreased year-on-year as a result of effective cost control and decreased purchase prices of raw material coal and fuel coal. A gross profit of RMB2.054 billion was achieved, representing an increase of RMB357 million year-on-year and reflecting the good management standard and the synergy of the integrated development of coal and chemical operations. The coal mining equipment operations actively established a full life cycle service system, cultivated and consolidated the mid-to-high-end market and the intelligent upgrade market, and the sales volume of coal mining machinery products, such as scraper conveyors and hydraulic supports, increased year-on-year. A profit before tax of RMB363 million was achieved, which remained roughly the same year-on-year after excluding the impact of changes in the scope of consolidation. Finance Company continued to improve the level of intensive and lean capital management by optimising and upgrading the treasury system. Its capital concentration and operational efficiency remained industry-leading, with an asset scale of over RMB100 billion. Amid the general downturn of interest rates in the financial market, it achieved a profit before tax of RMB709 million, maintaining year-on-year growth, thereby further enhancing its service and value creation capabilities.

Unit: RMB100 million

| | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Year-on-year | |
|--|---|---|------------------------------------|------------------------------|
| | | | Increase/ decrease in amount | Increase/ decrease (%) |
| Revenue | 929.84 | 1,093.57 | -163.73 | -15.0 |
| Cost of sales | 716.25 | 854.04 | -137.79 | -16.1 |
| Gross profit | 213.59 | 239.53 | -25.94 | -10.8 |
| Selling, general and administrative expenses | 34.12 | 33.22 | 0.90 | 2.7 |
| Other income, gains and losses, net | 1.58 | 1.13 | 0.45 | 39.8 |
| Profit from operations | 180.28 | 207.07 | -26.79 | -12.9 |
| Finance income | 0.56 | 0.36 | 0.20 | 55.6 |
| Finance costs | 13.31 | 16.09 | -2.78 | -17.3 |
| Share of profits of associates and joint ventures | 12.29 | 20.59 | -8.30 | -40.3 |
| Profit before tax | 179.83 | 211.92 | -32.09 | -15.1 |
| EBITDA | 231.07 | 263.77 | -32.70 | -12.4 |
| Profit attributable to the equity holders of the Company | 106.95 | 127.32 | -20.37 | -16.0 |
| Net cash generated from operating activities | 148.90 | 170.35 | -21.45 | -12.6 |
| In which: Net cash flow generated from production and sales activities | 157.40 | 151.14 | 6.26 | 4.1 |
| Net cash flow generated from deposits absorbed from members other than China Coal Energy by Finance Company | -8.50 | 19.21 | -27.71 | -144.2 |
| Net cash generated from investing activities | -39.04 | -51.91 | 12.87 | -24.8 |
| Net cash generated from financing activities | -53.75 | -110.52 | 56.77 | -51.4 |

Unit: RMB100 million

| | As at 30 June 2024 | As at 31 December 2023 | Compared with the end of last year Increase/ decrease in amount | Increase/ decrease (%) |
|--|--------------------------|------------------------------|---|------------------------------|
| Assets | 3,611.34 | 3,491.55 | 119.79 | 3.4 |
| Liabilities | 1,733.97 | 1,666.32 | 67.65 | 4.1 |
| Interest-bearing debts | 691.49 | 726.98 | -35.49 | -4.9 |
| Equity | 1,877.37 | 1,825.23 | 52.14 | 2.9 |
| Equity attributable to the equity holders of the Company | 1,472.01 | 1,438.82 | 33.19 | 2.3 |
| Gearing ratio (%) = total interest-bearing debts/ (total interest-bearing debts + equity) | 26.9 | 28.5 | A decrease of 1.6 percentage points | |

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the six months ended 30 June 2024, the Group's revenue decreased by RMB16.373 billion from RMB109.357 billion for the six months ended 30 June 2023 to RMB92.984 billion, representing a decrease of 15.0%. Revenue before netting of inter-segmental sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

| | Revenue before netting of inter-segmental sales | | | |
|----------------------------------|---|---|--|------------------------------|
| | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Year-on-year Increase/ decrease in amount | Increase/ decrease (%) |
| Coal operations | 777.67 | 935.23 | -157.56 | -16.8 |
| Self-produced commercial coal | 386.42 | 404.68 | -18.26 | -4.5 |
| Proprietary coal trading | 387.90 | 527.51 | -139.61 | -26.5 |
| Coal chemical operations | 108.36 | 112.25 | -3.89 | -3.5 |
| Coal mining equipment operations | 56.31 | 61.39 | -5.08 | -8.3 |
| Financial operations | 12.71 | 11.67 | 1.04 | 8.9 |
| Other operations | 34.61 | 40.32 | -5.71 | -14.2 |
| Net of inter-segmental sales | -59.82 | -67.29 | 7.47 | -11.1 |
| The Group | 929.84 | 1,093.57 | -163.73 | -15.0 |

Revenue net of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2024 and the year-on-year changes are set out as follows:

Unit: RMB100 million

| | Revenue net of inter-segmental sales | | | |
|----------------------------------|---|---|--|--|
| | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Year-on-year Increase/ decrease in amount | Year-on-year Increase/ decrease (%) |
| Coal operations | 737.44 | 886.91 | -149.47 | -16.9 |
| Self-produced commercial coal | 357.88 | 370.31 | -12.43 | -3.4 |
| Proprietary coal trading | 376.60 | 514.15 | -137.55 | -26.8 |
| Coal chemical operations | 102.85 | 106.65 | -3.80 | -3.6 |
| Coal mining equipment operations | 49.73 | 55.13 | -5.40 | -9.8 |
| Financial operations | 10.34 | 9.28 | 1.06 | 11.4 |
| Other operations | 29.48 | 35.60 | -6.12 | -17.2 |
| The Group | 929.84 | 1,093.57 | -163.73 | -15.0 |

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 2024 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 2024 | For the six months ended 30 June 2023 | Increase/ decrease (percentage point(s)) |
| Coal operations | 79.3 | 81.1 | -1.8 |
| Self-produced commercial coal | 38.5 | 33.9 | 4.6 |
| Proprietary coal trading | 40.5 | 47.0 | -6.5 |
| Coal chemical operations | 11.1 | 9.8 | 1.3 |
| Coal mining equipment operations | 5.3 | 5.0 | 0.3 |
| Financial operations | 1.1 | 0.8 | 0.3 |
| Other operations | 3.2 | 3.3 | -0.1 |

2. Cost of sales

For the six months ended 30 June 2024, the Group's cost of sales decreased by RMB13.779 billion or 16.1% from RMB85.404 billion for the six months ended 30 June 2023 to RMB71.625 billion. Cost of sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

| | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Year-on-year | |
|----------------------------------|---|---|------------------------------------|------------------------------|
| | | | Increase/ decrease in amount | Increase/ decrease (%) |
| Coal operations | 605.26 | 735.52 | -130.26 | -17.7 |
| Self-produced commercial coal | 219.92 | 210.41 | 9.51 | 4.5 |
| Proprietary coal trading | 383.70 | 522.94 | -139.24 | -26.6 |
| Coal chemical operations | 87.82 | 95.28 | -7.46 | -7.8 |
| Coal mining equipment operations | 47.85 | 51.04 | -3.19 | -6.3 |
| Financial operations | 5.15 | 5.34 | -0.19 | -3.6 |
| Other operations | 29.73 | 33.88 | -4.15 | -12.2 |
| Inter-segment elimination | -59.56 | -67.02 | 7.46 | -11.1 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| The Group | 716.25 | 854.04 | -137.79 | -16.1 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

3. *Gross profit and gross profit margin*

For the six months ended 30 June 2024, the Group's gross profit decreased by RMB2.594 billion or 10.8% from RMB23.953 billion for the six months 30 June 2023 to RMB21.359 billion; gross profit margin increased by 1.1 percentage points from 21.9% for the six months ended 30 June 2023 to 23.0%. The gross profit and gross profit margin of each operating segment of the Group 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 2024 | For the six months ended 30 June 2023 | Increase/ decrease (%) | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Increase/ decrease (percentage point(s)) |
| Coal operations | 172.41 | 199.71 | -13.7 | 22.2 | 21.4 | 0.8 |
| Self-produced commercial coal | 166.50 | 194.27 | -14.3 | 43.1 | 48.0 | -4.9 |
| Proprietary coal trading | 4.20 | 4.57 | -8.1 | 1.1 | 0.9 | 0.2 |
| Coal chemical operations | 20.54 | 16.97 | 21.0 | 19.0 | 15.1 | 3.9 |
| Coal mining equipment operations | 8.46 | 10.35 | -18.3 | 15.0 | 16.9 | -1.9 |
| Financial operations | 7.56 | 6.33 | 19.4 | 59.5 | 54.2 | 5.3 |
| Other operations | 4.88 | 6.44 | -24.2 | 14.1 | 16.0 | -1.9 |
| The Group | <u>213.59</u> | <u>239.53</u> | <u>-10.8</u> | <u>23.0</u> | <u>21.9</u> | <u>1.1</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 2024, revenue from the coal operations of the Group decreased by 16.8% from RMB93.523 billion for the six months 30 June 2023 to RMB77.767 billion, and revenue net of inter-segmental sales decreased by 16.9% from RMB88.691 billion for the six months ended 30 June 2023 to RMB73.744 billion.

For the six months ended 30 June 2024, revenue from sales of self-produced commercial coal of the Group decreased by 4.5% from RMB40.468 billion for the six months ended 30 June 2023 to RMB38.642 billion, which was mainly attributable to the year-on-year decrease of RMB40/tonne in the selling price of self-produced commercial coal leading to a decrease of RMB2.660 billion in revenue; the year-on-year increase of 1.34 million tonnes in sales volume leading to an increase of RMB0.834 billion in revenue. Revenue net of inter-segmental sales decreased by 3.4% from RMB37.031 billion for the six months ended 30 June 2023 to RMB35.788 billion.

For the six months ended 30 June 2024, revenue from sales of proprietary trading coal of the Group decreased by 26.5% from RMB52.751 billion for the six months ended 30 June 2023 to RMB38.790 billion, which was mainly attributable to the year-on-year decrease of 11.83 million tonnes in sales volume of proprietary trading coal leading to a decrease of RMB8.191 billion in revenue; the year-on-year decrease of RMB89/tonne in the selling price leading to a decrease of RMB5.770 billion in revenue. Revenue net of inter-segmental sales decreased by 26.8% from RMB51.415 billion for the six months ended 30 June 2023 to RMB37.660 billion.

For the six months ended 30 June 2024, revenue from the coal agency operations of the Group was RMB25 million, a decrease of RMB10 million year-on-year.

The Group's coal sales volume before netting of inter-segmental sales and selling prices for the six months ended 30 June 2024 and the year-on-year changes are set out as follows:

| | | For the | | For the | | Year-on-year | | | |
|------------------------------|---------------------------|------------------|---------|------------------|---------|-------------------|---------|-------------------|---------|
| | | six months ended | | six months ended | | Increase/decrease | | Increase/decrease | |
| | | 30 June 2024 | | 30 June 2023 | | in amount | | | |
| | | Sales | Selling | Sales | Selling | Sales | Selling | Sales | Selling |
| | | volume | price | volume | price | volume | price | volume | price |
| | | (10,000 | (RMB/ | (10,000 | (RMB/ | (10,000 | (RMB/ | (%) | (%) |
| | | tonnes) | tonne) | tonnes) | tonne) | tonnes) | tonne) | | |
| I. Self-produced | Total | 6,619 | 584 | 6,485 | 624 | 134 | -40 | 2.1 | -6.4 |
| commercial coal | (I) Thermal coal | 6,055 | 511 | 5,913 | 548 | 142 | -37 | 2.4 | -6.8 |
| | Domestic sales | 6,055 | 511 | 5,913 | 548 | 142 | -37 | 2.4 | -6.8 |
| | (II) Coking coal | 564 | 1,371 | 572 | 1,412 | -8 | -41 | -1.4 | -2.9 |
| | Domestic sales | 564 | 1,371 | 572 | 1,412 | -8 | -41 | -1.4 | -2.9 |
| II. Proprietary coal trading | Total | 6,437 | 603 | 7,620 | 692 | -1,183 | -89 | -15.5 | -12.9 |
| | (I) Domestic resales | 5,985 | 604 | 7,545 | 688 | -1,560 | -84 | -20.7 | -12.2 |
| | (II) Self-operated export | 28 | 1,380 | 21 | 2,016 | 7 | -636 | 33.3 | -31.5 |
| | (III) Import trading | 424 | 529 | 54 | 743 | 370 | -214 | 685.2 | -28.8 |
| III. Import and export and | Total | 299 | 8 | 561 | 6 | -262 | 2 | -46.7 | 33.3 |
| domestic agency★ | (I) Import agency | ☆ | ☆ | 7 | 16 | -7 | - | -100.0 | - |
| | (II) Export agency | 31 | 28 | 16 | 82 | 15 | -54 | 93.8 | -65.9 |
| | (III) Domestic agency | 268 | 6 | 538 | 4 | -270 | 2 | -50.2 | 50.0 |

☆: N/A for the period.

★: Selling price is agency service fee.

Note: Sales volume of commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 8.62 million tonnes for the current period (including self-produced commercial coal of 6.02 million tonnes and proprietary trading coal of 2.60 million tonnes) and 9.16 million tonnes for the same period of last year (including self-produced commercial coal of 6.34 million tonnes and proprietary trading coal of 2.82 million tonnes).

- *Cost of sales*

For the six months ended 30 June 2024, the Group's cost of sales of coal operations decreased by 17.7% from RMB73.552 billion for the six months ended 30 June 2023 to RMB60.526 billion, which was mainly attributable to the effect of the year-on-year decrease in sales volume and the year-on-year decrease in the purchase price of externally purchased coal, leading to the year-on-year decrease of RMB14.850 billion in the procurement cost of proprietary trading coal.

For the six months ended 30 June 2024, 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 2024 | Percentage (%) | For the six months ended 30 June 2023 | Percentage (%) | Year-on-year | |
|--|---|-------------------|---|-------------------|------------------------------------|------------------------------|
| | | | | | Increase/ decrease in amount | Increase/ decrease (%) |
| Material costs (excluding proprietary coal trading procurement cost) | 35.93 | 5.9 | 31.65 | 4.3 | 4.28 | 13.5 |
| Proprietary coal trading procurement cost ☆ | 363.57 | 60.1 | 512.07 | 69.6 | -148.50 | -29.0 |
| Staff costs | 35.71 | 5.9 | 26.23 | 3.6 | 9.48 | 36.1 |
| Depreciation and amortisation | 30.38 | 5.0 | 35.84 | 4.9 | -5.46 | -15.2 |
| Repairs and maintenance | 6.15 | 1.0 | 7.20 | 1.0 | -1.05 | -14.6 |
| Transportation costs and port expenses | 56.89 | 9.4 | 50.22 | 6.8 | 6.67 | 13.3 |
| Sales taxes and surcharges | 34.14 | 5.6 | 33.27 | 4.5 | 0.87 | 2.6 |
| Outsourced mining engineering fees | 17.22 | 2.8 | 16.45 | 2.2 | 0.77 | 4.7 |
| Other costs ★ | 25.27 | 4.3 | 22.59 | 3.1 | 2.68 | 11.9 |
| Total cost of sales for coal operations | 605.26 | 100.0 | 735.52 | 100.0 | -130.26 | -17.7 |

☆: This cost does not include transportation costs and port expenses related to proprietary coal trading which amounted to RMB2.013 billion for the current period and RMB1.087 billion for the same period of last year, both of which are set out in the item of transportation costs and port expenses.

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

For the six months ended 30 June 2024, the composition of the cost of sales of the Group's self-produced commercial coal and the year-on-year changes are set out as follows:

Unit: RMB/tonne

| Item | For the six months ended 30 June 2024 | | For the six months ended 30 June 2023 | | Year-on-year Increase/ decrease in amount | |
|--|---|--------------|---|--------------|--|------------|
| | Percentage (%) | | Percentage (%) | | Increase/ decrease (%) | |
| Material costs | 54.29 | 16.4 | 48.80 | 15.0 | 5.49 | 11.3 |
| Staff costs | 53.95 | 16.2 | 40.44 | 12.5 | 13.51 | 33.4 |
| Depreciation and amortisation | 45.90 | 13.8 | 55.26 | 17.0 | -9.36 | -16.9 |
| Repairs and maintenance | 9.28 | 2.8 | 11.11 | 3.4 | -1.83 | -16.5 |
| Transportation costs and port expenses | 55.55 | 16.7 | 60.68 | 18.7 | -5.13 | -8.5 |
| Sales taxes and surcharges | 51.58 | 15.5 | 51.30 | 15.8 | 0.28 | 0.5 |
| Outsourced mining engineering fees | 26.02 | 7.8 | 25.28 | 7.8 | 0.74 | 2.9 |
| Other costs | 35.69 | 10.8 | 31.59 | 9.8 | 4.10 | 13.0 |
| Total unit cost of sales of self-produced commercial coal | 332.26 | 100.0 | 324.46 | 100.0 | 7.80 | 2.4 |

For the six months ended 30 June 2024, the Group's unit cost of sales of self-produced commercial coal amounted to RMB332.26/tonne, representing a year-on-year increase of RMB7.80/tonne or 2.4%, which was mainly due to the following factors: the increase in self-operated stripping of open pit mines after the Group strengthened production and changes in the geological conditions of coal mines, leading to a year-on-year increase in material costs; the orderly payment of salary based on the progress of performance, the replenishment of self-owned teams and the increase in the salary level of front-line production teams, leading to a year-on-year increase in staff costs per tonne of coal; the increase in the amortisation base under the production reserve approach due to the payment and recognition of gains from the transfer of mining rights in the fourth quarter of 2023, leading to a year-on-year decrease in depreciation and amortisation costs per tonne of coal; the decrease in the proportion of the sales volume of self-produced commercial coal that incurred railway transportation and port expenses to the Group's total sales volume of self-produced commercial coal, leading to a year-on-year decrease in transportation costs and port expenses per tonne of coal; the provision of asset impairment losses on inventories with realisable value lower than cost, etc., leading to a year-on-year increase in other costs per tonne of coal.

- *Gross profit and gross profit margin*

For the six months ended 30 June 2024, affected by the year-on-year decrease in the selling price of coal, gross profit of the coal operations segment of the Group decreased by 13.7% from RMB19.971 billion for the six months ended 30 June 2023 to RMB17.241 billion, while gross profit margin increased by 0.8 percentage points from 21.4% for the six months ended 30 June 2023 to 22.2%, mainly due to the decrease in the proportion of revenue from proprietary coal trading with lower gross profit margin. In particular, gross profit of self-produced commercial coal decreased by RMB2.777 billion year-on-year, and gross profit margin dropped by 4.9 percentage points year-on-year. Gross profit of proprietary coal trading decreased by RMB37.0 million year-on-year, and gross profit margin increased by 0.2 percentage point year-on-year.

2. *Coal Chemical Operations Segment*

- *Revenue*

For the six months ended 30 June 2024, revenue from coal chemical operations of the Group decreased by 3.5% from RMB11.225 billion for the six months ended 30 June 2023 to RMB10.836 billion; revenue net of inter-segmental sales decreased by 3.6% from RMB10.665 billion for the six months ended 30 June 2023 to RMB10.285 billion, which was mainly attributable to the year-on-year decrease in the selling prices of urea and ammonium nitrate.

The sales volume and selling prices of major coal chemical products of the Group for the six months ended 30 June 2024 and the year-on-year changes are set out as follows:

| | For the six months ended 30 June 2024 | | For the six months ended 30 June 2023 | | Year-on-year Increase/decrease | | | |
|--|---------------------------------------|---------------------------|---------------------------------------|---------------------------|--------------------------------|---------------------------|-------------------|-------------------|
| | Sales volume (10,000 tonnes) | Selling price (RMB/tonne) | Sales volume (10,000 tonnes) | Selling price (RMB/tonne) | Increase/decrease in amount | | Increase/decrease | |
| | | | | | Sales volume (10,000 tonnes) | Selling price (RMB/tonne) | Sales volume (%) | Selling price (%) |
| I. Polyolefin | 76.0 | 6,955 | 74.9 | 6,903 | 1.1 | 52 | 1.5 | 0.8 |
| 1. Polyethylene | 39.3 | 7,287 | 38.2 | 7,156 | 1.1 | 131 | 2.9 | 1.8 |
| 2. Polypropylene | 36.7 | 6,600 | 36.7 | 6,640 | 0.0 | -40 | 0.0 | -0.6 |
| II. Urea | 118.3 | 2,167 | 119.9 | 2,484 | -1.6 | -317 | -1.3 | -12.8 |
| III. Methanol | 85.9 | 1,773 | 97.1 | 1,770 | -11.2 | 3 | -11.5 | 0.2 |
| In which: Inter-segment self-consumption | 84.0 | 1,776 | 94.0 | 1,774 | -10.0 | 2 | -10.6 | 0.1 |
| External sales | 1.9 | 1,616 | 3.1 | 1,646 | -1.2 | -30 | -38.7 | -1.8 |
| IV. Ammonium nitrate | 28.1 | 2,178 | 29.2 | 2,414 | -1.1 | -236 | -3.8 | -9.8 |

- *Cost of sales*

For the six months ended 30 June 2024, cost of sales of coal chemical operations of the Group decreased by 7.8% from RMB9.528 billion for the six months ended 30 June 2023 to RMB8.782 billion, which was mainly attributable to the decrease in the purchase prices of raw material coal and fuel coal, leading to the year-on-year decrease in the cost of coal chemical products.

For the six months ended 30 June 2024, the composition of the cost of sales of the Group's coal chemical operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

| Item | For the six months ended 30 June 2024 | Percentage (%) | For the six months ended 30 June 2023 | Percentage (%) | Year-on-year | |
|---|---|-------------------|---|-------------------|------------------------------------|------------------------------|
| | | | | | Increase/ decrease in amount | Increase/ decrease (%) |
| Material costs | 54.44 | 62.0 | 62.62 | 65.7 | -8.18 | -13.1 |
| Staff costs | 5.32 | 6.1 | 5.12 | 5.4 | 0.20 | 3.9 |
| Depreciation and amortisation | 14.42 | 16.4 | 14.29 | 15.0 | 0.13 | 0.9 |
| Repairs and maintenance | 2.86 | 3.3 | 2.99 | 3.1 | -0.13 | -4.3 |
| Transportation costs and port expenses | 4.03 | 4.6 | 4.20 | 4.4 | -0.17 | -4.0 |
| Sales taxes and surcharges | 1.74 | 2.0 | 1.91 | 2.0 | -0.17 | -8.9 |
| Other costs | 5.01 | 5.6 | 4.15 | 4.4 | 0.86 | 20.7 |
| Total cost of sales for coal chemical operations | 87.82 | 100.0 | 95.28 | 100.0 | -7.46 | -7.8 |

The unit cost of sales of major self-produced coal chemical products of the Group for the six months ended 30 June 2024 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

| Item | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Year-on-year | |
|----------------------|---|---|------------------------------------|------------------------------|
| | | | Increase/ decrease in amount | Increase/ decrease (%) |
| I. Polyolefin | 6,039 | 6,234 | -195 | -3.1 |
| 1. Polyethylene | 6,049 | 6,219 | -170 | -2.7 |
| 2. Polypropylene | 6,029 | 6,249 | -220 | -3.5 |
| II. Urea | 1,467 | 1,694 | -227 | -13.4 |
| III. Methanol | 1,704 | 1,977 | -273 | -13.8 |
| IV. Ammonium nitrate | 1,329 | 1,392 | -63 | -4.5 |

- *Gross profit and gross profit margin*

For the six months ended 30 June 2024, the Group's gross profit of coal chemical operations increased by 21.0% from RMB1.697 billion for the six months ended 30 June 2023 to RMB2.054 billion; gross profit margin increased by 3.9 percentage points from 15.1% for the six months ended 30 June 2023 to 19.0%.

3. *Coal Mining Equipment Operations Segment*

- *Revenue*

For the six months ended 30 June 2024, the Group's revenue from coal mining equipment operations decreased by 8.3% from RMB6.139 billion for the six months ended 30 June 2023 to RMB5.631 billion; revenue net of inter-segmental sales decreased by 9.8% from RMB5.513 billion for the six months ended 30 June 2023 to RMB4.973 billion. After excluding the impact of changes in the scope of consolidation, a year-on-year increase of RMB0.389 billion was recorded, which was mainly due to the intelligent upgrade and modification of coal mines, leading to a year-on-year increase in sales volume of related products.

- *Cost of sales*

For the six months ended 30 June 2024, the Group's cost of sales of coal mining equipment operations decreased by 6.3% from RMB5.104 billion for the six months ended 30 June 2023 to RMB4.785 billion.

For the six months ended 30 June 2024, the composition of the Group's cost of sales of coal mining equipment operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

| Item | For the six months ended 30 June 2024 | Percentage (%) | For the six months ended 30 June 2023 | Percentage (%) | Year-on-year | |
|---|---|-------------------|---|-------------------|------------------------------------|------------------------------|
| | | | | | Increase/ decrease in amount | Increase/ decrease (%) |
| Material costs | 38.14 | 79.7 | 37.60 | 73.7 | 0.54 | 1.4 |
| Staff costs | 3.72 | 7.8 | 4.41 | 8.6 | -0.69 | -15.6 |
| Depreciation and amortisation | 1.23 | 2.6 | 1.70 | 3.3 | -0.47 | -27.6 |
| Repairs and maintenance | 0.43 | 0.9 | 0.60 | 1.2 | -0.17 | -28.3 |
| Transportation costs | 0.46 | 1.0 | 0.83 | 1.6 | -0.37 | -44.6 |
| Sales taxes and surcharges | 0.20 | 0.4 | 0.21 | 0.4 | -0.01 | -4.8 |
| Other costs | 3.67 | 7.6 | 5.69 | 11.2 | -2.02 | -35.5 |
| Total cost of sales for coal mining equipment operations | 47.85 | 100.0 | 51.04 | 100.0 | -3.19 | -6.3 |

- *Gross profit and gross profit margin*

For the six months ended 30 June 2024, the Group's gross profit of the coal mining equipment operations segment decreased by 18.3% from RMB1.035 billion for the six months 30 June 2023 to RMB0.846 billion; and gross profit margin decreased by 1.9 percentage points from 16.9% for the six months ended 30 June 2023 to 15.0%.

4. *Financial Operations Segment*

Financial operations of the Group are mainly engaged by Finance Company, which deepened lean management of capital, promoted financial technology innovation, strengthened the construction and application of the treasury system, focused on the financial needs of member enterprises, continued to improve precise credit service capabilities, actively served the development strategy of “efficiency enhancement and incremental transformation”, secured safe, stable and efficient capital flow of funds, and dynamically optimised and adjusted the allocation strategy of deposits with banks in a timely manner when the interest rate of deposits in the interbank market declined, with the business scale reached a new record high and achieving better value and efficiency. For the six months ended 30 June 2024, revenue from financial operations of the Group increased by 8.9% from RMB1.167 billion for the six months ended 30 June 2023 to RMB1.271 billion; revenue net of inter-segmental sales increased by 11.4% from RMB0.928 billion for the six months ended 30 June 2023 to RMB1.034 billion; cost of sales decreased by 3.6% from RMB0.534 billion for the six months ended 30 June 2023 to RMB0.515 billion; gross profit increased by 19.4% from RMB0.633 billion for the six months ended 30 June 2023 to RMB0.756 billion; gross profit margin increased by 5.3 percentage points from 54.2% for the six months ended 30 June 2023 to 59.5%.

5. *Other Operations Segment*

The other operations segment of the Group mainly includes power generation, aluminium processing, import of equipment and accessories, tendering and bidding services, railway transportation and other businesses. For the six months ended 30 June 2024, affected by the maintenance of power units and transmission lines, the Group’s revenue from the other operations segment decreased by 14.2% from RMB4.032 billion for the six months ended 30 June 2023 to RMB3.461 billion; revenue net of inter-segmental sales decreased by 17.2% from RMB3.560 billion for the six months ended 30 June 2023 to RMB2.948 billion; cost of sales decreased by 12.2% from RMB3.388 billion for the six months ended 30 June 2023 to RMB2.973 billion; gross profit decreased by 24.2% from RMB0.644 billion for the six months ended 30 June 2023 to RMB0.488 billion, and gross profit margin decreased by 1.9 percentage points from 16.0% for the six months 30 June 2023 to 14.1%.

(III) Selling, general and administrative expenses

For the six months ended 30 June 2024, the Group’s selling, general and administrative expenses increased by 2.7% from RMB3.322 billion for the six months ended 30 June 2023 to RMB3.412 billion, which was mainly attributable to the year-on-year increase in staff remuneration.

(IV) Finance income and finance costs

For the six months ended 30 June 2024, the Group's net finance costs decreased by 18.9% from RMB1.573 billion for the six months ended 30 June 2023 to RMB1.275 billion, which was mainly attributable to the downsizing of interest-bearing debts of the Group and the continuous optimisation of debt structure, which have in turn further lowered finance costs, such as comprehensive capital cost, year-on-year.

(V) Share of profits of associates and joint ventures

For the six months ended 30 June 2024, the Group's share of profits of associates and joint ventures decreased by 40.3% from RMB2.059 billion for the six months ended 30 June 2023 to RMB1.229 billion, which was mainly attributable to the decrease in the market prices of coal products, resulting in the year-on-year decrease in the earnings of associates and joint ventures, and thus the corresponding decrease in the Group's share of profits of associates and joint ventures recognised in proportion to its shareholding.

III. CASH FLOW

As at 30 June 2024, the balance of the Group's cash and cash equivalents amounted to RMB37.207 billion, representing a net increase of RMB5.624 billion as compared to RMB31.583 billion as at 31 December 2023.

Net cash inflow generated from operating activities decreased by RMB2.145 billion from RMB17.035 billion for the six months ended 30 June 2023 to RMB14.890 billion. Excluding the impact of deposits absorbed from members other than China Coal Energy by Finance Company, the net cash inflow generated from production and sales activities of the Group amounted to RMB15.740 billion, representing a year-on-year increase of RMB0.626 billion, which was mainly because the Group continuously strengthened lean management of funds, controlled the use of working capital, and maintained cash-generating capabilities despite the decline in market prices of major products and the decrease in operating performance.

Net cash outflow used in investing activities decreased by RMB1.287 billion from RMB5.191 billion for the six months ended 30 June 2023 to RMB3.904 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB3.376 billion in cash outflow arising from the change in term deposits with an initial deposit period of more than three months, and the year-on-year increase of RMB2.141 billion in cash used in capital expenditure.

Net cash outflow used in financing activities decreased by RMB5.677 billion from RMB11.052 billion for the six months ended 30 June 2023 to RMB5.375 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB2.842 billion in net outflow of debt financing, the year-on-year decrease of RMB1.552 billion in the payment of dividends to minority shareholders by non-wholly owned enterprises, and the year-on-year increase of RMB1.206 billion in cash received from investment.

IV. SOURCES OF CAPITAL

For the six months ended 30 June 2024, 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 of 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 when they became due by the agreed time. No overdue or default has occurred.

The cash generated from the Group's operations, net proceeds from share offering in capital markets, relevant banks' line of credit obtained, and the issue amount of bonds approved but not utilised will provide sufficient 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 2024, the net value of property, plant and equipment of the Group amounted to RMB134.427 billion, representing a net increase of RMB6.725 billion or 5.3% from RMB127.702 billion as at 31 December 2023, among which, the net value of buildings was RMB31.434 billion, accounting for 23.4%; that of mining structures was RMB42.095 billion, accounting for 31.3%; that of machinery and equipment was RMB41.574 billion, accounting for 30.9%; that of construction in progress was RMB12.627 billion, accounting for 9.4%; and that of railways, transportation vehicles and others was RMB6.697 billion, accounting for 5.0%.

(II) Mining rights

As at 30 June 2024, the net value of the Group's mining rights amounted to RMB46.557 billion, representing a net decrease of RMB0.653 billion or 1.4% from RMB47.210 billion as at 31 December 2023, which was mainly attributable to the impact of amortisation of mining rights.

(III) Borrowings

As at 30 June 2024, the balance of the Group's borrowings amounted to RMB55.869 billion, representing a net decrease of RMB3.511 billion or 5.9% from RMB59.380 billion as at 31 December 2023, among which, the balance of long-term borrowings (including long-term borrowings due within one year) was RMB55.680 billion, representing a net decrease of RMB3.577 billion from RMB59.257 billion as at 31 December 2023, and the balance of short-term borrowings amounted to RMB0.189 billion, representing a net increase of RMB0.066 billion from RMB0.123 billion as at 31 December 2023.

(IV) Long-term bonds

As at 30 June 2024, the balance of the Group's long-term bonds (including long-term bonds due within one year) amounted to RMB13.280 billion, representing a net decrease of RMB0.038 billion or 0.3% from RMB13.318 billion as at 31 December 2023.

(V) Other long-term liabilities

As at 30 June 2024, the balance of the Group's other long-term liabilities amounted to RMB9.172 billion, representing a net increase of RMB3.834 billion or 71.8% from RMB5.338 billion as at 31 December 2023, which was mainly attributable to the increase in payables related to expenditures on exploitation and utilisation of resources.

VI. OVERSEAS ASSETS

At the end of the reporting period, total assets of the Group amounted to RMB361.134 billion, representing an increase of RMB11.979 billion or 3.4% from the beginning of the year, among which, overseas assets amounted to RMB0.493 billion, accounting for 0.14% of total assets. During the reporting period, there was no material change in the Group's overseas assets.

VII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have any significant charge of assets during the reporting period. As at 30 June 2024, the book value of the Group's charge of assets amounted to RMB0.248 billion, of which, the book value of pledged assets was RMB0.147 billion and the book value of mortgaged assets was RMB0.101 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 any material acquisitions and disposals in relation to subsidiaries, associates and joint ventures during the reporting period.

X. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 30 June 2024, the Group provided guarantees of RMB1.315 billion in total, all of which were provided to the invested companies in proportion to the Group's shareholdings. Details are as follows:

Unit: RMB10,000

| The Company's external guarantees (excluding guarantees for subsidiaries) | | | | | | | | | | | | | | | |
|--|---|---|-------------------|--|--------------------------------|--------------------------|-----------------------------|---|---------------------|------------------|----------------|----------------|------------------------------------|-----------------------------------|------------------------------|
| Guarantor | Relation 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 guarantee | Major debts | Guarantees (if any) | Completed or not | Overdue or not | Overdue amount | Counter-guarantee available or not | Provided the related party or not | Connected party relationship |
| China Coal Energy Company Limited | Company headquarters | Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited | 101,074.55 | 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 Shaanxi Energy & Chemical Company Limited | Wholly-owned subsidiary | Shaanxi Jingshen Railway Company Limited | 30,440.00 | 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) | | | | | | | | | | | | | | | -7,312.00 |
| Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries) | | | | | | | | | | | | | | | 131,514.55 |
| Guarantee provided by the Company to its subsidiaries | | | | | | | | | | | | | | | |
| Total guarantee to subsidiaries incurred during the reporting period | | | | | | | | | | | | | | | - |
| Total balance of guarantee to subsidiaries as at the end of the reporting period (B) | | | | | | | | | | | | | | | - |
| Total guarantee of the Company (including those provided to subsidiaries) | | | | | | | | | | | | | | | |
| Total guarantee (A+B) | | | | | | | | | | | | | | | 131,514.55 |
| Percentage of total guarantee to net assets of the Company (%) | | | | | | | | | | | | | | | 0.9 |
| 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

For the six months ended 30 June 2024, to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

BUSINESS PERFORMANCE

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY

(I) Coal Operations

1. Coal production

In the first half of the year, the Group continued to increase the release of high-quality production capacity, accelerated the promotion of new coal mines to reach production capacity and stabilise production, strived to increase the supply of high-quality coal, and went all out to ensure the supply of coal energy. Mines with high-quality capacity such as Dahanu Coal Mine and East Open Pit Mine took full advantage of their approved capacity increases. Other mines were scheduled for maintenance in an orderly manner while striving for production continuity and output stabilisation. The Group completed the production of 66.50 million tonnes of commercial coal, which was largely the same year-on-year. Raw coal productivity was 34.7 tonnes per worker shift, maintaining leadership in the industry. As at the end of the reporting period, the Group had an aggregate of 13 coal mines that had been accepted as intelligent coal mines, and a total of 66 intelligent coal mining working faces and 43 intelligent excavation working faces had been built. The safety assurance level and efficient production capacity of coal mines continued to improve.

Table on Commercial Coal Production Volume

Unit: 10,000 tonnes

| Item | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Change (%) |
|---|---|---|---------------|
| Production volume of commercial coal | 6,650 | 6,712 | -0.9 |
| (I) By region: | | | |
| 1. Shanxi | 4,295 | 4,433 | -3.1 |
| 2. Inner Mongolia and Shaanxi | 2,020 | 1,884 | 7.2 |
| 3. Jiangsu | 253 | 237 | 6.8 |
| 4. Xinjiang and others | 82 | 158 | -48.1 |
| (II) By coal type: | | | |
| 1. Thermal coal | 6,082 | 6,137 | -0.9 |
| 2. Coking coal | 568 | 575 | -1.2 |

2. Coal sales

In the first half of the year, the Group thoroughly and comprehensively implemented the national energy supply guarantee policies and deployments, and continued to promote coal megamarketing management and the construction of the energy supply guarantee system. It strengthened the coordination of production and sales and enhanced the management of medium and long-term thermal coal contracts, resolutely implemented the power and coal pricing mechanism and made every effort to ensure supply and stabilise prices. We stepped up the expansion of the coal market, actively adjusted marketing strategies, optimised resource flows and market layout, kept abreast of market changes, and effectively responded to the impact of market downturn to strive for stable and increased sales. We also strengthened trade compliance management and conducted coal trading business in strict compliance with regulations. In the first half of the year, the sales volume of commercial coal was 133.55 million tonnes, representing a year-on-year decrease of 8.9%, among which, the sales volume of self-produced commercial coal was 66.19 million tonnes, representing a year-on-year increase of 2.1%.

Table on Coal Sales

Unit: 10,000 tonnes

| Item | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Change (%) |
|--|---|---|---------------|
| Sales volume of commercial coal | 13,355 | 14,666 | -8.9 |
| (I) By business type: | | | |
| 1. Self-produced commercial coal | 6,619 | 6,485 | 2.1 |
| 2. Proprietary coal trading | 6,437 | 7,620 | -15.5 |
| 3. Import and export and domestic agency | 299 | 561 | -46.7 |
| (II) By sales region: | | | |
| 1. North China | 4,041 | 4,705 | -14.1 |
| 2. East China | 4,321 | 4,921 | -12.2 |
| 3. South China | 1,757 | 1,895 | -7.3 |
| 4. Central China | 1,519 | 1,485 | 2.3 |
| 5. Northwest China | 1,384 | 1,275 | 8.5 |
| 6. Others | 333 | 385 | -13.5 |

(II) Coal Chemical Operations

In the first half of the year, the Group focused on the core targets of production safety, pollution and carbon reduction and green development. Based on technical supervision, the Group strengthened basic production management, paid close attention to energy conservation and consumption reduction and abnormal status management, vigorously assessed the operating conditions of equipment, steadily promoted the implementation of standard operating procedures, effectively controlled unplanned shutdowns, and continued to maintain “work safety, stable production, long-period operation, fully loaded operation and producing quality products” for coal chemical equipment. Affected by factors including the planned overhaul of the methanol unit, the output of major coal chemical products was 2.927 million tonnes in the first half of the year, a year-on-year decrease of 2.5%. The Group continued to strengthen technological innovation, optimised the catalyst replacement model, developed new multi-channel burners, improved the online rate of gasifiers, put into operation intelligent production auxiliary systems, continuously improved the production efficiency of coal chemical enterprises, and accelerated the development pace of new quality productive forces.

The Group continued to improve the efficiency of marketing management, continuously optimised means of logistics and layout of networks, strengthened production and sales coordination and regional coordination, achieving sales of all coal chemical products produced. In the first half of the year, the sales volume of major coal chemical products was 3.083 million tonnes, a year-on-year decrease of 4.0%. The Group thoroughly implemented the country's relevant requirements for ensuring the supply and stabilising the prices of fertilisers, supplied all fertiliser products to the domestic market, actively participated in the national commercial reserve of fertilisers, and assumed the responsibilities borne by central enterprises. The Group actively responded to the intensified competition in the polyolefin industry, deeply implemented differentiated and customised marketing strategies, enhanced efficiency creation capabilities, and established rolling inventory to ensure uninterrupted supply of products to the market. The Group sought to explore new customers for coal chemical by-products, innovated marketing models and strengthened inventory management for closer cohesion between production, sales and transportation.

Table on Production and Sales Volume of Major Coal Chemical Products

Unit: 10,000 tonnes

| Item | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Change (%) |
|--|---|---|---------------|
| Production volume of coal chemical products | 292.7 | 300.3 | -2.5 |
| Sales volume of coal chemical products | 308.3 | 321.1 | -4.0 |
| (I) Polyolefin | | | |
| 1. Production volume | 75.9 | 76.2 | -0.4 |
| 2. Sales volume | 76.0 | 74.9 | 1.5 |
| (II) Urea | | | |
| 1. Production volume | 101.9 | 98.6 | 3.3 |
| 2. Sales volume | 118.3 | 119.9 | -1.3 |
| (III) Methanol | | | |
| 1. Production volume | 86.9 | 96.5 | -9.9 |
| 2. Sales volume | 85.9 | 97.1 | -11.5 |
| (IV) Ammonium nitrate | | | |
| 1. Production volume | 28.0 | 29.0 | -3.4 |
| 2. Sales volume | 28.1 | 29.2 | -3.8 |

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; synthetic ammonia is oxidised to become nitric acid, which is then neutralised with ammonia to produce ammonium nitrate; through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene.

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

3. The urea sales volume of the Group includes buying out of urea products of Lingshi Chemical Company, a member of China Coal Group.

(III) Coal Mining Equipment Operations

In the first half of the year, the Group actively seized market orders, organised production scientifically and efficiently, and made every effort to reduce costs and improve quality and efficiency. Through transformation and upgrading, deepening reform and technological innovation, production and operation maintained a good momentum, leading to “double improvement” in economic benefits and development quality. The high-end, intelligent and digital development of coal mining equipment products achieved remarkable results. In the first half of the year, the aggregate production value of coal mining equipment amounted to RMB5.37 billion, a year-on-year decrease of 9.1%. After excluding the impact of changes in the scope of consolidation, a year-on-year increase of 7.4% was recorded. The Group actively established a full life cycle service system and deeply explored market demand, seized premium orders and actively increased valid contract reserves. Accumulative value of contracts amounted to RMB13.544 billion, and the portion of mid-to-high-end orders for leading products remained at around 84%.

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

| Product type | Production value | | | Revenue | |
|------------------------|---|---|---------------|---|--|
| | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Change (%) | For the six months ended 30 June 2024 | Percentage of revenue of coal mining equipment segment (%) |
| Main conveyor products | 27.4 | 26.9 | 1.9 | 25.9 | 46.0 |
| Main support products | 22.1 | 20.3 | 8.9 | 22.7 | 40.3 |
| Others | 4.2 | 11.9 | -64.7 | 7.7 | 13.7 |
| Total | 53.7 | 59.1 | -9.1 | 56.3 | 100.0 |

(IV) Financial Operations

In the first half of the year, based on the development of the entire coal industry chain and the new energy industry, the Group continued to leverage its two core advantages of lean management of funds and financial technology innovation, continuously improved its value creation capabilities, further strengthened the construction of the risk management and control system, and actively assumed the mission of treasury construction, operation and management. The Group actively overcame external pressures such as lower interest rates, continued to strengthen management of its

deposit operation, dynamically optimised and adjusted the allocation strategy of interbank deposits in a timely manner, continuously increased credit support, optimised the resource allocation of credit funds, and served to adjust the Group's industrial structure. At the end of the reporting period, the scale of deposits absorbed reached RMB93.40 billion, a year-on-year increase of 3.8%; the scale of placement of interbank deposits amounted to RMB78.05 billion, a year-on-year increase of 6.1%; the scale of self-operated loans was RMB23.42 billion, a year-on-year increase of 32.8%.

Table on Financial Operations

Unit: RMB100 million

| Business type | As at 30 June 2024 | As at 30 June 2023 | Change (%) |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------|
| Scale of deposits absorbed | 934.0 | 900.1 | 3.8 |
| Placement of interbank deposits | 780.5 | 735.8 | 6.1 |
| Scale of self-operated loans | 234.2 | 176.3 | 32.8 |

(V) Synergy among Business Segments

Taking advantage of the coal-electricity-chemical industry chain, the Group further pushed forward regional integrated management and continuously optimised the regional industry structure, thereby realising the synergetic development among business segments and improving the overall competitiveness and risk resistance capacity. In the first half of the year, the Company produced 6.02 million tonnes of coal for internal consumption. The coal mining equipment operations achieved internal product sales and services revenue of RMB0.66 billion, accounting for 11.7% of the total sales revenue of the business segment. For financial operations, newly issued internal loans amounted to RMB1.32 billion and the amount of internal loans as at the end of the reporting period was RMB15.07 billion. Through engaging in financing operations with rich varieties and quality service and vigorously coordinating with member entities to lower the interest rates of loans, total finance costs of RMB0.24 billion had been saved.

II. ANALYSIS OF CORE COMPETITIVENESS

The Company's core business segments are coal, coal chemical, coal mining equipment and power generation. Leveraging bases located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu and Xinjiang, etc. and adhering to the development direction of "efficiency enhancement and incremental transformation", the Company strives to build a world-class energy enterprise pursuing "multi-energy complementation, green and low-carbon business, innovation demonstration and modern governance".

The scale of the Company's principal coal business is at the forefront of the country. The production and development layouts are concentrated in the energy bases under the national planning, as well as the provinces and districts with abundant resources in the central and western regions. With its leading positions 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 of large-scale and low-cost operation of coal mines. Mining Areas in Pingshuo, Shanxi and Hujerte, Ordos of Inner Mongolia, primarily developed by the Company, are important thermal coal production bases in the PRC. Xiangning Mining Area in Shanxi where Wangjialing Coal Mine is located is the production base of high-quality coking coal 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. The Company's key coal construction projects have achieved progress smoothly. Dahaize Coal Mine has been put into operation after completion. Projects such as Libi Coal Mine all progress steadily and orderly. It is the professional and sophisticated management mode, the capable and efficient production methodology, the scale merit of cluster development, the high-quality and abundant coal resources and the coordinated development of the industry chain that constitute the core competitive advantages of the Company in the coal industry.

The Company focuses on clean and efficient conversion and utilisation of coal, and strives to establish a new circular economic business model of coal-power-chemical-new energy integration. For coal chemical operations, the development of modern coal chemical industries such as coal-to-olefins and coal-to-urea is highlighted. Equipment maintains the operating situation of "work safety, stable production, long-period operation, fully-loaded operation and producing quality products", and major production and operation indicators remain leading in the industry. As for the coal-power business, the Company orderly develops environment-friendly pit-mouth power plants and power plants comprehensively utilising inferior coal, promotes coal-power integration, and actively creates the distinctive advantages of low-cost, efficient and comprehensive utilisation of resources.

The Company relies on its own advantages in the mining areas to promote the in-depth integration of coal, coal-fired power, coal chemical and new energy. The Company has a large number of open-pit and underground coal mines, boasting a variety of mine types and a wide geographic distribution. The Company possesses abundant on-ground land resources and underground space resources, such as coal mining subsidence areas, industrial sites, dumps, underground roadways and mine pits as well as the coal power industry and coal chemical industry to support energy consumption, the Company enjoys the advantages of developing energy bases complemented by multiple types of energy and "integration of source-network-load-storage".

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. Capitalising on its own marketing network of coal sales and logistics system, well-established port service and high-calibre professional teams, the Company is able to provide customers with high-quality services with excellent capabilities for market exploration and distribution.

The Company is a large-scale energy enterprise with the advantages of a complete industry chain for coal business. It is able to engage in the manufacturing of coal mining equipment, coal mining, washing, preparation and processing, logistics and trading and provide systems solutions. Under the new situation, the Company has a solid business foundation to expand the market of intelligent transformation of coal mines and provide energy efficiency improvement and comprehensive energy services to the enterprise and society.

The Company insists on innovation-driven growth and becomes the leader of the industry. With the increased investment in research and development, the Company accelerates the integration of innovative resources and the construction of scientific research platforms, and further promotes industry-university-research cooperation to ensure innovative development. The Company speeds up the construction of the big data and digital management system. It also actively strives to construct intelligent coal mines. New achievements were made in major technological projects, and the implementation of an array of national technological projects achieved phased results. Through strengthening the research on key technologies, the Company takes a step forward in digital transformation. The integration of intelligence and digitalisation enables the business to grow steadily.

The Company attaches great importance to the development of corporate culture, continuously improves its management system and creates a good internal development environment. The Company continues to promote a reform of the headquarters' institution and strives to build a capable and efficient headquarters with "clear strategic orientation, excellent operational management and control, and first-class value creation". The Company has established a sound corporate management system and is gradually improving its internal control and risk control systems. The Company devotes major efforts to implement centralised management and control over sales of coal and coal chemical products as well as centralised management of finance, investment and material procurement, and enhances management by objectives and comprehensive budget control, allowing it to enjoy distinctive advantages in cost, productivity and operational efficiency.

In recent years, the Company has adhered to the strategic focus with complete confidence in development, and its principal coal operations have achieved scale development. The Company has expedited the extension of its coal business to coal chemical and coal-fired power generation areas, enhanced value-added capabilities of the whole industry chain, and created a dense industry chain. The Company has promoted a shift of development model from a scale and speed-oriented approach to a quality and efficiency-focused one, thus continuously improving its core competitiveness. The Company has vigorously pushed forward quality enhancement and efficiency improvement, cost reduction and efficiency improvement to maintain a sound financial structure and enhance risk resistance capability, thus taking solid steps towards high-quality development of the Company.

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 rules 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 C1 to the Listing Rules of the Stock Exchange.

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 C3 to the Listing Rules of the Stock Exchange (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 results of the Company. Ernst & Young, the auditor of the Company, conducted an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2024 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 DIVIDEND FOR 2023 AND SPECIAL DIVIDEND

Upon approval at the Company’s 2023 annual general meeting, cash dividend of RMB5,860,214,700 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed company of RMB19,534,049,000 for the year of 2023 as set out in the consolidated financial statements of the Company prepared in accordance with the China Accounting Standards for Business Enterprises. Based on the total issued share capital of 13,258,663,400 Shares of the Company, RMB0.442 (inclusive of tax) per Share was distributed; special dividend of RMB1.5 billion was distributed to reward the Shareholders, which represented a dividend of RMB0.113 (inclusive of tax) per Share based on the total issued share capital of 13,258,663,400 Shares as at 31 December 2023. The aforesaid final dividend for 2023 and special dividend are expected to be duly paid to the Shareholders before 26 August 2024.

II. INTERIM PROFIT DISTRIBUTION PLAN FOR 2024 AND CLOSURE OF REGISTER OF MEMBERS

(I) Interim Profit Distribution Plan for 2024

To enhance the investment value of the listed company and share the development results with investors, upon approval at the 2023 annual general meeting of the Company, the Board is authorised to formulate and implement the interim profit distribution plan for 2024 subject to the profit distribution conditions.

For the half-year ended 30 June 2024, the net profit attributable to the equity holders of the listed company as set out in the consolidated financial statements was RMB10,695,209,000 under the International Financial Reporting Standards and RMB9,787,792,000 under the China Accounting Standards for Business Enterprises. Upon the resolution of the Board of the Company, cash dividends of RMB2,936,337,600, representing 30% of the net profit attributable to the equity holders of the listed company of RMB9,787,792,000 under the China Accounting Standards for Business Enterprises, would be distributed to Shareholders, which represents a dividend of RMB0.221 per Share (inclusive of tax) based on the total issued share capital of 13,258,663,400 Shares of the Company (the “**Interim Dividend**”).

Pursuant to the Articles of Association, the Interim Dividend will be denominated and declared in RMB, with the dividend on A Shares to be paid in RMB and the dividend on H Shares to be paid in Hong Kong dollars. The amount of dividend payable in Hong Kong dollars will be calculated based on the average middle price of exchange rate of Hong Kong dollars to Renminbi as announced by the People’s Bank of China for the five business days (exclusive of the declaration date) prior to the date of the declaration of dividend (i.e. 23 August 2024). The Interim Dividend is expected to be paid on or before 23 October 2024 to holders of H Shares whose names appear on the H Share register of members of the Company on Friday, 13 September 2024. Investors should be aware that, in accordance with the relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and the market practice regarding dividend distribution for A Shares, a separate dividend implementation announcement in respect of the distribution of the Interim Dividend to holders of A Shares of the Company will be issued.

(II) Closure of Register of Members

In order to determine the entitlement of the Shareholders to receive the Interim Dividend, the Company’s register of members will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for receiving the Interim Dividend, all transfer documents of the holders of H Shares of the Company must be lodged with Computershare Hong Kong Investor Services Limited, the H Share registrar and transfer office of the Company in Hong Kong, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 9 September 2024.

(III) Withholding of Income Taxes

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementing rules, the Company is required to withhold enterprise income tax at a rate of 10% before distributing the Interim Dividend to non-resident enterprise Shareholders whose names appear on the Company's H Share register of members. Any Shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise Shareholders and therefore an enterprise income tax shall be withheld for their dividends receivables. Pursuant to the "Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation, the dividend received by the overseas resident individual Shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to individual income tax at a rate of 10% in general. If an individual H Shareholder considers that his/her individual income tax withheld by the Company does not comply with the tax rate stipulated in the tax treaties between country(ies) or region(s) in which he/she is domiciled and the PRC, he/she should engage or mandate agency after receiving the dividends according to requirements set out in tax treaties notice, register with the competent tax authority of the Company for subsequent taxation handling.

Pursuant to the "Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets" (Cai Shui [2014] No. 81) and the "Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets" (Cai Shui [2016] No. 127) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission, for dividends derived by Mainland individual investors from investing in H-share listed on the HKSE through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, the Company shall withhold individual income tax at a tax rate of 20% for the investors. For Mainland securities investment funds investing in shares listed on HKSE through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, individual income tax shall be levied on dividends derived therefrom in accordance with the above rules. Dividends derived by Mainland enterprise investors from investing in shares listed on HKSE through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. The Company will not withhold or pay enterprise income tax on their behalf in the distribution of dividends.

The Company will have no liability in respect of any claims arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding.

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 2024, the Company and its subsidiaries had not purchased, sold or redeemed any securities (including sale of treasury shares) (the terms “securities” and “treasury shares” have the meaning as ascribed to under the Listing Rules of the Stock Exchange) of the Company. As at 30 June 2024, the Company did not hold any treasury shares.

V. OTHER DISCLOSED EVENTS

On 16 July 2024, the Company publicly issued a 15-year term technology innovation corporate bond of RMB2 billion to professional investors at a rate of 2.58%.

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 | Shanghai Datun Energy Resources Company Limited |
| Pingshuo Group | China Coal Pingshuo Group Company Limited |
| China Coal Huajin | China Coal Huajin Energy Group Limited |

| | |
|--|--|
| Finance Company | China Coal Finance Co., Ltd. |
| Yinhe Hongtai Company | Ordos Yinhe Hongtai Coal Power Company Limited |
| Pingshuo Mine Area | a mining area located in Shanxi Province, mainly comprising Antaibao Open Pit Mine and Jinggong Mine, Anjialing Open Pit Mine as well as East Open Pit Mine |
| East Open Pit Mine | East Open Mine of China Coal Pingshuo Group |
| 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 |
| 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 |
| Wushenqi 2×660MW integrated coal power project | China Coal Northwest Energy Chemical Company Limited Wushenqi Tuke Industrial Park 2x660MW pithead coal power project |
| Shaanxi Yulin's coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin | China Coal Shaanxi Yulin Energy Chemical Co., Ltd. Coal Chemical Industry Phase II Project with an annual output of 900,000 tons of polyolefin |
| two combinations | combination of coal and coal power, combination of coal power and renewable energy |
| Liquid Sunlight | it is the synthesis of liquid sun fuel, which is the production of hydrogen by using solar energy and other renewable energy to electrolyte, and hydrogen reaction with carbon dioxide to produce green methanol |

| | |
|-------------------------------------|--|
| Lingshi Chemical | Lingshi Chinacoal Chemical Co., Ltd. |
| HKSE | The Stock Exchange of Hong Kong Limited |
| 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 |
| Listing Rules of the Stock Exchange | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| RMB | RMB yuan |

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

Beijing, the PRC
23 August 2024

As at the date of this announcement, the executive directors of the Company are Wang Shudong, Liao Huajun and Zhao Rongzhe; non-executive director is Xu Qian; independent non-executive directors are Jing Fengru, Zhan Yanjing and James Kong Tin Wong.

* *For identification purpose only*