



中国中煤能源股份有限公司
CHINA COAL ENERGY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code : 01898

INTERIM REPORT 2021

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Note: In this report, unless otherwise indicated, all financial indicators are presented in RMB.

Chairman's Statement

Dear Shareholders,

In the first half of 2021, China's economic operation strengthened and improved steadily as the economy gained further momentum. China Coal Energy studied the party history in depth as a source of wisdom, seized the development trend and remained steadfast in its strategy. With the continuous pickup in market demand, the Company insisted on making progress steadily and coordinated and promoted business development with quality in mind, laying a solid foundation for a good start to the "14th Five-Year Plan".

Deepening the supply-side structural reform and focusing on quality industry development. The Company formulated its development plan for the "14th Five-Year" period and set its long-term goals for 2035, paid attention to the correlation between the current situation and the long-term impact, made preparations to achieve the goals of "carbon emissions peak and carbon neutrality", and established the idea of "strengthening the primary coal business, optimising the coal, electricity and chemical integrated industry chain and developing new energy vigorously by leveraging its advantages" to build a world-class energy enterprise that is "complemented by multiple types of energy, green with low carbon emissions, an exemplar of innovation and under modern governance". In the first half of the year, the Company continued to ramp up its advanced production capacity, and its assurance capacity of energy supply and market share increased significantly. The output of commercial coal was 56.49 million tonnes, representing an increase of 6.4% year on year and 11.7% over the first half of 2019; coal sales volume amounted to 148 million tonnes, representing an increase of 28.2% year on year and 43.7% over the first half of 2019. The Company focused on the clean and efficient use of coal and the coal, electricity and chemical integrated industry chain achieved continuous optimized development. The output of major coal-chemical products was 2.31 million tonnes, representing an increase of 20.2% year on year and 8.0% over the first half of 2019. Electricity generation amounted to 7.03 billion KWh, representing an increase of 11.4% year on year and 114.3% over the first half of 2019. Key projects such as Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal, Libi Coal Mine with an annual output of 4 million tonnes of anthracite and Pingshuo 2×350MW low calorific value coal power generation project progressed smoothly. The Tuke Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas reached its designed load successfully in its first trial run. The comprehensive energy service capabilities continued to increase. The production value of equipment amounted to RMB4.78 billion, representing an increase of 3.2% year on year and 10.9% over the first half of 2019. The asset scale of financial operations was RMB57 billion, representing an increase of 54.3% year on year and 41.4% over the beginning of 2021. Meanwhile, the Company adhered to the national plan closely and actively promoted projects in the new energy sector.

Keeping up with market demand by continuing to enhance quality and efficiency and setting a new record for operating results in the same period in history. In the first half of the year, the Company registered revenue of RMB98.7 billion, representing an increase of 60.8% year on year and 61.7% over the first half of 2019. Profit before income tax was RMB14.4 billion, representing an increase of 149.3% year on year and 70.1% over the first half of 2019. Profit attributable to the equity holders of the Company was RMB8.5 billion, representing an increase of 237.9% year on year and 107.1% over the first half of 2019. Net cash inflow from operating activities was RMB20.4 billion, representing an increase of 122.4% year on year and 99.4% over the first half of 2019. The weighted average return on equity was 8.2%, representing an increase of 5.6 percentage points year on year and 3.8 percentage points over the first half of 2019. Ratio of profits to cost was 16.7%, representing an increase of 6.4 percentage points year on year and 1.1 percentage points over the first half of 2019. As at the end of June 2021, the Company's gearing ratio was 42.9%, suggesting a sound and prudent financial structure.

Deepening reform and innovation and keeping up the vitality and momentum of high-quality development. In the first half of the year, the Company worked on the Three-year Action Plan for the Reform of State-owned Enterprises by establishing the board of directors for affiliated companies, setting the fixed-term appointment system and conducting contractual management on management members, rolling out the medium and long-term incentive plans on a trial basis steadily, strengthening strategic management and control transformation in accordance with the principles of specialisation, simplification and regionalisation. The headquarter led the "Larger Department Reform" and implemented competitive recruitment for all staff. The Company vigorously strengthened technological innovation. It obtained 93 authorised patents and filed more than 80 technological achievements. Two national technological projects

Chairman’s Statement

“Key Technologies for Electrical Parts and Control System of Mining Equipment” and “Research on Raw Materials and Manufacturing Technology of High-end Hydraulic Support”) achieved results in their respective phases. The construction of five national first batch of intelligent demonstration coal mines including East Open Pit and Wangjialing were actively promoted. In response to the common technical problems in the industry, two major technological projects (“Prevention of Rock Burst in Mines in Inner Mongolia and Shaanxi” and “Key Intelligent Technology and Engineering Demonstration for Coal Mines”) were implemented to intensify research on key technologies and lead the industry’s technological advancement. The construction of “Digital China Coal” made solid progress, and such digital transformation would help the Company’s high-quality development.

Acting in line with the philosophy of safe and green development and continuously reinforcing the foundation for high-quality development. The Company implemented the Three-year Plan for Production Safety Rectification, promoted vertical management of safety supervision and further defined the bodies responsible for production safety at all levels, which all boded well for production safety. The Company vigorously carried out energy conservation, consumption reduction and environmental restoration projects, insisted on green development and strengthened ecological protection, and no environmental emergencies occurred. The Company continued to normalise epidemic prevention measures, and all employees were not infected. The Company strictly complied with the regulatory requirements of capital markets, continued to improve corporate governance and information disclosure, strengthened compliance management and internal control and has been rated as an Outstanding Enterprise in Information Disclosure by the Shanghai Stock Exchange for years.

In the second half of the year, China Coal Energy will study in depth and act in line with the spirit of General Secretary Xi Jinping’s speech at the founding anniversary of the Communist Party of China, adhere to the keynote of seeking progress while maintaining stability, and implement the new development philosophy fully, accurately and comprehensively. The Company will also focus on the goal of building a world-class energy enterprise, vigorously improve the systematic, predictive and creative aspects of work, better coordinate development with safety, give full play to the driving role of reform and innovation and fully complete the targets and tasks for the year. **First**, based on the “14th Five-Year Plan”, the Company will speed up the construction of key projects, actively carry out projects in the new energy sector and further optimise and transform its business structure in the industry. **Second**, the Company will push ahead with the Three-year Action Plan for the Reform of State-owned Enterprises, continue to deepen the reform of systems and mechanisms, address key and difficult issues and successfully complete the tasks in this phase. **Third**, the Company will run in line with world-class standards towards the goal of high-quality development, vigorously improve quality, efficiency and efficacy and fully complete the annual production and operation plan. **Fourth**, the Company will step up technological innovation, focus on safe, green and intelligent mining and clean, efficient utilisation of coal with low carbon emissions, advance key and core technologies. **Fifth**, the Company will continue to improve security capability, optimise the safety responsibility system, keep strengthening ecological preservation, environmental protection and energy conservation, further normalise epidemic prevention measures, coordinate liquidity management and effectively prevent and mitigate various risks to ensure its stable, sustainable and healthy development. **Sixth**, the Company will strengthen corporate governance, continue to improve the quality of information disclosure, strengthen corporate governance, keep communicating with investors, strive to enhance its corporate value and actively maintain its good image in the capital market.

The Company’s management and staff of all levels will keep their original aspirations and missions in mind, make persistent efforts and forge ahead, make positive contributions to the healthy development of the national economy and capital market and reward all shareholders and investors with excellent performance.

Wang Shudong
Chairman
Beijing, the PRC
25 August 2021

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 2021, the Group adhered to the high-quality development as the guide, deepened its reform and innovation, seized the favorable opportunity of continuous recovery of production demand, scientifically organized production, strengthened the synergy of production and sales, greatly improved quality and efficiency, as well as took scientific control of cost leading to significant growth in operating results and steady improvement in operation quality. The Group realised revenue of RMB98.720 billion, representing a year-on-year increase of 60.8% and an increase of 61.7% when compared to the first half of 2019; profit attributable to equity holders of the Company amounted to RMB8.545 billion, representing a year-on-year increase of 237.9% and an increase of 107.1% when compared to the first half of 2019; net cash inflow from operating activities amounted to RMB20.410 billion, representing a year-on-year increase of 122.4% and an increase of 99.4% when compared to the first half of 2019.

The Group actively released the advanced coal production capacity and production volume of commercial coal amounted to 56.49 million tonnes, representing a year-on-year increase of 3.42 million tonnes; sales volume of self-produced commercial coal amounted to 55.74 million tonnes, representing a year-on-year increase of 2.42 million tonnes. The Group kept up with the market and strengthened marketing organization with the sales volume of proprietary trading coal of 88.50 million tonnes, representing a year-on-year increase of 26.93 million tonnes. Coal chemical enterprises strengthened lean management and maintained the device of work safety, stable production, long-period operation, fully-loaded operation and optimum operation. The increase in production, sales volume and selling prices of major coal chemical products offset the impact of rising procurement prices of coal effectively, which contributed profit from operations of RMB1.757 billion, representing a year-on-year increase of RMB862 million. Equipment Company promoted reform and innovation to stimulate the vitality of the system and mechanism, realizing revenue of RMB4.956 billion, profit before tax of RMB239 million, representing a continuous year-on-year growth. Finance Company leveraged the advantage of information technology of the digital financial platform and strengthened the lean capital management, realizing profit before tax of RMB470 million, representing a year-on-year increase of RMB65 million. The profitability of shareholding enterprises of the Group improved, the share of profits attributable to associates and joint ventures was RMB1.853 billion, representing a year-on-year increase of RMB1.589 billion.

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	987.20	613.93	373.27	60.8
Cost of sales	815.83	512.76	303.07	59.1
Gross profit	171.37	101.17	70.20	69.4
Selling, general and administrative expenses	26.55	22.91	3.64	15.9
Profit from operations	145.20	78.80	66.40	84.3
Finance income	0.54	0.89	-0.35	-39.3
Finance costs	20.50	24.67	-4.17	-16.9
Profit attributable to associates and joint ventures	18.53	2.64	15.89	601.9
Profit before income tax	143.76	57.66	86.10	149.3
EBITDA	198.72	128.47	70.25	54.7
Profit attributable to the equity holders of the Company	85.45	25.29	60.16	237.9
Net cash generated from operating activities	204.10	91.78	112.32	122.4
Net cash generated from investment activities	-150.04	-10.40	-139.64	1,342.7
Net cash generated from financing activities	-7.82	43.96	-51.78	-117.8

Unit: RMB100 million

	As at 30 June 2021	As at 31 December 2020	Compared with the end of last year	
			Increase/ decrease in amount	Increase/ decrease (%)
Assets	3,011.85	2,815.74	196.11	7.0
Liabilities	1,683.25	1,579.08	104.17	6.6
Interest-bearing debts	999.07	956.69	42.38	4.4
Equity	1,328.60	1,236.66	91.94	7.4
Equity attributable to the equity holders of the Company	1,074.19	1,006.59	67.60	6.7
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	42.9	43.6	A decrease of 0.7 percentage points	

Management Discussion and Analysis of Financial Conditions and Operating Results

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the six months ended 30 June 2021, the Group's revenue increased by RMB37.327 billion from RMB61.393 billion for the six months ended 30 June 2020 to RMB98.720 billion, representing an increase of 60.8%, which was mainly due to the significant increase in market prices of the Group's self-produced commercial coal and coal chemical products, as well as the expanded sales scale of coal.

Revenue before netting of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue before netting of inter-segmental sales		Year-on-year	
	For the Six months ended 30 June 2021	For the Six months ended 30 June 2020	Increase/decrease in amount	Increase/decrease (%)
Coal operations	833.19	482.44	350.75	72.7
Coal chemical operations	105.94	80.95	24.99	30.9
Coal mining equipment operations	49.56	45.61	3.95	8.7
Financial operations	7.45	5.75	1.70	29.6
Other operations	42.84	32.56	10.28	31.6
Net of inter-segmental sales	-51.78	-33.38	-18.40	55.1
The Group	987.20	613.93	373.27	60.8

Management Discussion and Analysis of Financial Conditions and Operating Results

Revenue net of inter-segmental sales generated from each operating segment of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		Year-on-year	
	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Increase/decrease in amount	Increase/decrease (%)
Coal operations	795.90	463.75	332.15	71.6
Coal chemical operations	104.10	79.70	24.40	30.6
Coal mining equipment operations	44.31	39.57	4.74	12.0
Financial operations	5.60	3.67	1.93	52.6
Other operations	37.29	27.24	10.05	36.9
The Group	987.20	613.93	373.27	60.8

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 2021 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 2021	For the six months ended 30 June 2020	Increase/decrease (percentage point(s))
Coal operations	80.6	75.5	5.1
Coal chemical operations	10.5	13.0	-2.5
Coal mining equipment operations	4.5	6.4	-1.9
Financial operations	0.6	0.6	0.0
Other operations	3.8	4.5	-0.7

Management Discussion and Analysis of Financial Conditions and Operating Results

2. Cost of sales

For the six months ended 30 June 2021, the Group's cost of sales increased by RMB30.307 billion or 59.1% from RMB51.276 billion for the six months ended 30 June 2020 to RMB81.583 billion, which was mainly due to the expansion of the production and sales scale of the Group's coal operations and the year-on-year increase of costs caused by the increase in coal prices and material costs of coal chemical operations.

Cost of sales generated from each operating segment of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	698.88	407.22	291.66	71.6
Coal chemical operations	85.39	69.80	15.59	22.3
Coal mining equipment operations	42.46	39.30	3.16	8.0
Financial operations	2.51	1.76	0.75	42.6
Other operations	37.60	26.68	10.92	40.9
Inter-segment elimination	-51.01	-32.00	-19.01	59.4
	<hr/> 815.83 <hr/>	<hr/> 512.76 <hr/>	<hr/> 303.07 <hr/>	<hr/> 59.1 <hr/>
The Group				

Management Discussion and Analysis of Financial Conditions and Operating Results

3. Gross profit and gross profit margin

For the six months ended 30 June 2021, the Group's gross profit increased by RMB7.020 billion or 69.4% from RMB10.117 billion for the six months ended 30 June 2020 to RMB17.137 billion; gross profit margin increased by 0.9 percentage points from 16.5% for the six months ended 30 June 2020 to 17.4%.

The gross profit and gross profit margin from each operating segment of the Group for the six months ended 30 June 2021 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 2021	For the six months ended 30 June 2020	Increase/decrease (%)	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Increase/decrease (percentage point(s))
Coal operations	134.31	75.22	78.6	16.1	15.6	0.5
Coal chemical operations	20.55	11.15	84.3	19.4	13.8	5.6
Coal mining equipment operations	7.10	6.31	12.5	14.3	13.8	0.5
Financial operations	4.94	3.99	23.8	66.3	69.4	-3.1
Other operations	5.24	5.88	-10.9	12.2	18.1	-5.9
The Group	171.37	101.17	69.4	17.4	16.5	0.9

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

Management Discussion and Analysis of Financial Conditions and Operating Results

(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 2021, the revenue from coal operations of the Group increased by 72.7% from RMB48.244 billion for the six months ended 30 June 2020 to RMB83.319 billion, and revenue net of other inter-segmental sales increased by 71.6% from RMB46.375 billion for the six months ended 30 June 2020 to RMB79.590 billion.

For the six months ended 30 June 2021, the revenue from sales of the self-produced commercial coal of the Group increased by 27.7% from RMB23.703 billion for the six months ended 30 June 2020 to RMB30.280 billion, which was mainly attributable to the year-on-year increase of 2.42 million tonnes in the sales volume leading to an increase of RMB1.079 billion in the sales revenue of self-produced commercial coal; the year-on-year increase of RMB98/tonne in the selling price leading to an increase of RMB5.498 billion in the revenue. Revenue net of inter-segmental sales increased by 25.5% from RMB23.074 billion for the six months ended 30 June 2020 to RMB28.955 billion.

For the six months ended 30 June 2021, the revenue from sales of proprietary trading coal of the Group increased by 117.1% from RMB24.306 billion for the six months ended 30 June 2020 to RMB52.760 billion, which was mainly attributable to the year-on-year increase of 26.93 million tonnes in the sales volume leading to an increase of RMB10.632 billion in the revenue from sales of proprietary trading coal; the year-on-year increase of RMB201/tonne in the selling price leading to an increase of RMB17.822 billion in the revenue. Revenue net of inter-segmental sales increased by 118.1% from RMB23.103 billion for the six months ended 30 June 2020 to RMB50.382 billion.

For the six months ended 30 June 2021, the revenue from coal agency operations of the Group increased by RMB4 million from RMB5 million for the six months ended 30 June 2020 to RMB9 million.

Management Discussion and Analysis of Financial Conditions and Operating Results

The Group's coal sales volume before netting of inter-segmental sales and selling prices for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

		For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year			
		Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease	
						Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	5,574	543	5,332	445	242	98	4.5	22.0
	(I) Thermal coal	4,951	489	4,756	400	195	89	4.1	22.3
	1. Domestic sale	4,951	489	4,747	400	204	89	4.3	22.3
	2. Export	☆	☆	9	508	-9	-	-100.0	-
	(II) Coking coal	623	974	576	814	47	160	8.2	19.7
	Domestic sale	623	974	576	814	47	160	8.2	19.7
II. Proprietary trading coal	Total	8,850	596	6,157	395	2,693	201	43.7	50.9
	(I) Domestic sale	8,753	597	6,094	393	2,659	204	43.6	51.9
	(II) Self-operated export*	16	1,214	6	1,257	10	-43	166.7	-3.4
	(III) Import trading	81	410	57	466	24	-56	42.1	-12.0
III. Import and export and domestic agency ★	Total	401	2	74	6	327	-4	441.9	-66.7
	(I) Import agency	1	6	16	4	-15	2	-93.8	50.0
	(II) Export agency	11	9	58	7	-47	2	-81.0	28.6
	(III) Domestic agency	389	2	☆	☆	389	-	-	-

* : Briquette export.

★ : Selling price is agency service fee.

☆ : N/A for the period.

Note: Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 8.65 million tonnes for the current period and 6.30 million tonnes for the same period of last year.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2021, the Group's cost of sales of coal operations increased by 71.6% from RMB40.722 billion for the six months ended 30 June 2020 to RMB69.888 billion, which was mainly attributable to the year-on-year increase in the sales volume of the purchased coal and the procurement cost increase, leading to the year-on-year increase in the cost of proprietary trading coal by RMB27.953 billion; and the year-on-year increase of sales volume of the Group's self-produced commercial coal and unit cost of sales increased, leading to the year-on-year increase in the cost of self-produced commercial coal by RMB828 million. The composition of the cost of sales of the Group's coal operations and its year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year Increase/ decrease in amount		Increase/ decrease (%)	
	2021	Percentage (%)	2020	Percentage (%)				
Materials costs	27.20	3.9	30.09	7.4	-2.89	-9.6		
Proprietary trading coal costs ☆	514.24	73.6	234.71	57.6	279.53	119.1		
Staff costs	17.91	2.6	13.77	3.4	4.14	30.1		
Depreciation and amortization	32.85	4.7	29.26	7.2	3.59	12.3		
Repairs and maintenance	6.56	0.9	4.66	1.1	1.90	40.8		
Transportation costs and port expenses	48.62	6.9	52.11	12.8	-3.49	-6.7		
Sales taxes and surcharges	22.74	3.3	14.71	3.6	8.03	54.6		
Outsourced mining engineering fees	12.81	1.8	14.10	3.5	-1.29	-9.1		
Other costs ★	15.95	2.3	13.81	3.4	2.14	15.5		
Total cost of sales for coal operations	698.88	100.0	407.22	100.0	291.66	71.6		

☆: This cost does not include transportation costs and port expenses related to proprietary trading coal, amounting to RMB1.005 billion for the current period and RMB641 million for the same period of last year, both of which are set out in the item of transportation costs and port expenses.

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

Management Discussion and Analysis of Financial Conditions and Operating Results

The composition of the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year	
	30 June 2021	Percentage (%)	30 June 2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	48.79	15.8	56.43	18.3	-7.64	-13.5
Staff costs	32.13	10.4	25.84	8.4	6.29	24.3
Depreciation and amortization	58.93	19.0	54.89	17.8	4.04	7.4
Repairs and maintenance	11.77	3.8	8.74	2.8	3.03	34.7
Transportation costs and port expenses	69.21	22.4	85.72	27.8	-16.51	-19.3
Sales taxes and surcharges	40.80	13.2	27.59	9.0	13.21	47.9
Outsourced mining engineering fees	22.98	7.4	26.44	8.6	-3.46	-13.1
Other costs	25.04	8.0	22.56	7.3	2.48	11.0
Total unit cost of sales of self-produced commercial coal	309.65	100.0	308.21	100.0	1.44	0.5

For the six months ended 30 June 2021, the Group's unit cost of sales of self-produced commercial coal amounted to RMB309.65/tonne, representing a year-on-year increase of RMB1.44/tonne or 0.5%, which is mainly due to the following reasons: a year-on-year decrease in the cost of tonnes of coal materials and outsourced mining engineering fees, which was mainly attributable to the dilution effect of the increase in the production of self-produced commercial coal driven by the continuous release of the Group's advanced production capacity; the Group adjusted and controlled the wage level in a reasonable manner based on the operating performance, as well as the national policies launched in the corresponding period of the previous year to support COVID-19 pandemic prevention and control, such as the temporary 50% reduction in social security expenses, were no longer implemented for the year, leading to a year-on-year increase in tonnes of staff costs; the decrease in the proportion of sales volume of self-produced commercial coal that bears railroad transportation and port expenses for the total sales volume of self-produced commercial coal of the Group, leading to a year-on-year decrease in unit transportation costs and port expenses; the year-on-year increase in selling price and gross profit margin of self-produced commercial coal resulted in the year-on-year increase in unit sales taxes and surcharges; the Group increased investment in safe production and construction of intelligent coal mines, as well as the corresponding increase in original value of property, plant and equipment caused by the increased in disposal costs related to environmental remediation restoration, resulting in a year-on-year increase in depreciation and amortization costs of tonnes of coal; the increase in daily maintenance expenses for equipment related to the expansion of the Group's production scale of self-produced commercial coal, resulting in the year-on-year increase in repair and maintenance expenses for tonnes of coal. In addition, the increase in production related sporadic mining expenditures resulted in a year-on-year increase in other unit costs.

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Gross profit and gross profit margin*

For the six months ended 30 June 2021, production and sales scale of coal of the Group expanded and the market selling price increased significantly. Gross profit from coal operations segment increased by 78.6% from RMB7.522 billion for the six months ended 30 June 2020 to RMB13.431 billion, while gross profit margin increased by 0.5 percentage points from 15.6% for six months ended 30 June 2020 to 16.1%.

2. Coal Chemical Operations Segment

- *Revenue*

For the six months ended 30 June 2021, the revenue from coal chemical operations of the Group increased by 30.9% from RMB8.095 billion for the six months ended 30 June 2020 to RMB10.594 billion; revenue net of inter-segmental sales increased by 30.6% from RMB7.970 billion for the six months ended 30 June 2020 to RMB10.410 billion, which was mainly attributable to the significant increase in selling price and the year-on-year increase in production and sales volume of coal chemical products.

The sales volume and selling prices of the major coal chemical products of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year			
	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Increase/decrease in amount		Increase/decrease	
					Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Polyolefin	78.8	7,413	75.5	5,980	3.3	1,433	4.4	24.0
1. Polyethylene	39.8	7,238	37.8	5,707	2.0	1,531	5.3	26.8
2. Polypropylene	39.0	7,592	37.7	6,253	1.3	1,339	3.4	21.4
II. Urea	125.5	2,014	114.5	1,616	11.0	398	9.6	24.6
III. Methanol	51.1	1,703	26.7	1,342	24.4	361	91.4	26.9
Inter-segment self-consumption volume◆	37.9	1,741	26.6	1,342	11.3	399	42.5	29.7
External sales	13.2	1,591	0.1	1,469	13.1	122	13,100.0	8.3

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

Management Discussion and Analysis of Financial Conditions and Operating Results

- *Cost of sales*

For the six months ended 30 June 2021, cost of sales for the coal chemical operations of the Group increased by 22.3% from RMB6.980 billion for the six months ended 30 June 2020 to RMB8.539 billion, which was mainly attributable to the increase in the purchase price of raw material coal and fuel coal, as well as the increase in the production and sales volume of major coal chemical products, leading to the year-on-year increase of RMB1.292 billion in material costs. The composition of the cost of sales of the Group's coal chemical operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year	
	2021	Percentage (%)	2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	50.16	58.7	37.24	53.4	12.92	34.7
Cost of polyolefin						
in proprietary trading	4.13	4.8	4.20	6.0	-0.07	-1.7
Staff costs	3.73	4.4	2.91	4.2	0.82	28.2
Depreciation and amortization	13.63	16.0	12.76	18.3	0.87	6.8
Repairs and maintenance	3.47	4.1	3.02	4.3	0.45	14.9
Transportation costs and port expenses	4.84	5.7	4.48	6.4	0.36	8.0
Sales taxes and surcharges	1.69	2.0	1.69	2.4	-	-
Other costs	3.74	4.3	3.50	5.0	0.24	6.9
Total cost of sales for coal chemical operations	85.39	100.0	69.80	100.0	15.59	22.3

The cost of sales of the major coal chemical products of the Group for the six months ended 30 June 2021 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year	
	2021		2020		Increase/decrease amount	Increase/decrease (%)
I. Polyolefin	6,198		5,086		1,112	21.9
1. Polyethylene	6,166		5,173		993	19.2
2. Polypropylene	6,230		4,999		1,231	24.6
II. Urea	1,401		1,304		97	7.4
II. Methanol	1,423		1,359		64	4.7

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- *Gross profit and gross profit margin*

For the six months ended 30 June 2021, the selling prices of the Group's major coal chemical products increased significantly. The gross profit of the coal chemical operations increased by 84.3% from RMB1.115 billion for the six months ended 30 June 2020 to RMB2.055 billion, while gross profit margin increased by 5.6 percentage points from 13.8% for the six months ended 30 June 2020 to 19.4%.

3. Coal Mining Equipment Operations Segment

- *Revenue*

For the six months ended 30 June 2021, the Group's revenue from coal mining equipment operations increased by 8.7% from RMB4.561 billion for the six months ended 30 June 2020 to RMB4.956 billion. Revenue net of other inter-segmental sales increased by 12.0% from RMB3.957 billion for the six months ended 30 June 2020 to RMB4.431 billion, which was mainly attributable to the year-on-year increase in revenue due to the further optimisation of coal mining equipment product structure and the expansion of sales and business scale of accessories.

- *Cost of sales*

For the six months ended 30 June 2021, the Group's cost of sales for the coal mining equipment operations increased by 8.0% from RMB3.930 billion for the six months ended 30 June 2020 to RMB4.246 billion. The composition of the Group's cost of sales of the coal mining equipment operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the six months ended 30 June 2021		For the six months ended 30 June 2020		Year-on-year	
	30 June 2021	Percentage (%)	30 June 2020	Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	32.33	76.1	29.86	76.0	2.47	8.3
Staff costs	3.17	7.5	2.94	7.5	0.23	7.8
Depreciation and amortization	2.00	4.7	1.90	4.8	0.10	5.3
Repairs and maintenance	0.42	1.0	0.30	0.8	0.12	40.0
Transportation costs	0.55	1.3	0.63	1.6	-0.08	-12.7
Sales taxes and surcharges	0.21	0.5	0.19	0.5	0.02	10.5
Other costs	3.78	8.9	3.48	8.8	0.30	8.6
Total cost of sales for coal mining equipment operations	42.46	100.0	39.30	100.0	3.16	8.0

- *Gross profit and gross profit margin*

For the six months ended 30 June 2021, the gross profit of the Group's coal mining equipment operations segment increased by 12.5% from RMB631 million for the six months ended 30 June 2020 to RMB710 million; and the gross profit margin increased by 0.5 percentage points from 13.8% for the six months ended 30 June 2020 to 14.3%.

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4. *Financial Operations Segment*

The financial operations segment of the Group is mainly engaged by Finance Company. In the first half of 2021, Finance Company deepened the concept of lean management, strengthened financial technology innovation, offered multi-dimensional, extensive and customised financial services by precisely targeting financial needs of member enterprises to secure safe, stable and efficient capital flow, and optimised deployment strategies at appropriate times amidst the substantial decline in interbank deposits market interest rate, thereby realising value appreciation and effectiveness. Various major operation indicators have recorded a new height over the same period. For the six months ended 30 June 2021, revenue of financial operations of the Group increased by 29.6% from RMB575 million for the six months ended 30 June 2020 to RMB745 million; revenue net of inter-segmental sales increased by 52.6% from RMB367 million for the six months ended 30 June 2020 to RMB560 million. Cost of sales increased by 42.6% from RMB176 million for the six months ended 30 June 2020 to RMB251 million. Gross profit increased by 23.8% from RMB399 million for the six months ended 30 June 2020 to RMB494 million. Gross profit margin decreased by 3.1 percentage points from 69.4% for the six months ended 30 June 2020 to 66.3%.

5. *Other Operations Segment*

Other operations segment of the Group mainly includes thermal power generation, aluminum processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. For the six months ended 30 June 2021, electricity generation from the Group's power plants increased year on year, the selling price and volume of aluminum processing products increased. Revenue from other operations increased by 31.6% from RMB3.256 billion for the six months ended 30 June 2020 to RMB4.284 billion; revenue net of inter-segmental sales increased by 36.9% from RMB2.724 billion for the six months ended 30 June 2020 to RMB3.729 billion. Cost of sales increased by 40.9% from RMB2.668 billion for the six months ended 30 June 2020 to RMB3.760 billion. Affected by, among other things, surge of coal procurement price, the year-on-year decrease in gross profit and gross profit margin of power generation operations, gross profit of other operations segment decreased by 10.9% from RMB588 million for the six months ended 30 June 2020 to RMB524 million. Gross profit margin decreased by 5.9 percentage points from 18.1% for the six months ended 30 June 2020 to 12.2%.

(III) Selling, general and administrative expenses

For the six months ended 30 June 2021, the Group's selling, general and administrative expenses increased by 15.9% from RMB2.291 billion for the six months ended 30 June 2020 to RMB2.655 billion, which was mainly attributable to the increase in research and development expenses along with the Group's increased investment in technology innovation, as well as the year-on-year increase in staff remuneration under administrative expenses.

(IV) Finance income and finance costs

For the six months ended 30 June 2021, the Group's net finance costs decreased by 16.1% from RMB2.378 billion for the six months ended 30 June 2020 to RMB1.996 billion, which was mainly attributable to the Group's continual optimisation of debt structure, which has further lowered integrated capital cost.

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(V) Share of profits of associates and joint ventures

For the six months ended 30 June 2021, the Group's share of profits of associates and joint ventures increased by 601.9% from RMB264 million for the six months ended 30 June 2020 to RMB1.853 billion, which was mainly attributable to the substantial year-on-year surge of market prices of coal and coal chemical products, leading to a year-on-year increase in the profits of companies held by the Group, and thus, the corresponding increase in the Group's share of profits of associates and joint ventures recognized in accordance with its shareholding.

III. CASH FLOW

As at 30 June 2021, the balance of the Group's cash and cash equivalents amounted to RMB19.677 billion, representing a net increase of RMB4.636 billion as compared to RMB15.041 billion as at 31 December 2020.

Net cash inflow generated from operating activities increased by RMB11.232 billion from RMB9.178 billion for the six months ended 30 June 2020 to RMB20.410 billion, which was mainly attributable to the growth of the Group's operating results, continual reinforcement of lean capital management for the reduction of operating capital occupation, the year-on-year increase in net cash inflow generated from production and sales activities of RMB2.910 billion as well as the year-on-year increase of RMB8.322 billion in deposits absorbed from members other than China Coal Energy by Finance Company.

Net cash outflow generated from investing activities increased by RMB13.964 million from RMB1.040 billion for the six months ended 30 June 2020 to RMB15.004 billion, which was mainly attributable to the year-on-year increase of RMB14.853 billion in cash outflow arising from the change in term deposits with an initial deposit period of more than three months, the year-on-year decrease in cash inflow arising from the provision of self-operated loans to members other than China Coal Energy by Finance Company of RMB810 million, and the year-on-year decrease in cash utilised as capital expenditure by RMB485 million.

Net cash outflow generated from financing activities increased by RMB5.178 billion from RMB-4.396 billion for the six months ended 30 June 2020 to RMB782 million, which was mainly attributable to the combined effect of the year-on-year decrease in the debt facility of the Group as arranged pursuant to its annual financing plan and overall capital status, as well as the year-on-year increase in cash dividend distributed by the Company.

IV. SOURCES OF CAPITAL

For the six months ended 30 June 2021, the Group's funds were mainly derived from the proceeds generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical, coal mining equipment and power generation operations, repayment of debts payable by the Group, and as the Group's working capital and general recurring expenditures.

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

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

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V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

As at 30 June 2021, the net value of property, plant and equipment of the Group amounted to RMB131.523 billion, representing a net decrease of RMB2.156 billion or 1.6% as compared to RMB133.679 billion as at 31 December 2020, among which, the net value of buildings was RMB34.375 billion, accounting for 26.1%; that of mining structures was RMB28.672 billion, accounting for 21.8%; that of plant, machinery and equipment was RMB42.637 billion, accounting for 32.4%; that of construction in progress was RMB21.095 billion, accounting for 16.0%; and that of railways, transportation vehicles and others was RMB4.744 billion, accounting for 3.7%.

(II) Mining rights

As at 30 June 2021, the net value of the Group's mining rights amounted to RMB41.964 billion, representing a net increase of RMB87 million or 0.2% as compared to RMB41.877 billion as at 31 December 2020, which was mainly attributable to the combined effects of the increase in the proceeds from the transfer of mining rights payable by the Group's subsidiaries and the amortization of the mining rights during the reporting period.

(III) Long-term receivables

As at 30 June 2021, the net value of the Group's long-term receivables amounted to RMB443 million, representing a net increase of RMB146 million or 49.2% as compared to RMB297 million as at 31 December 2020, which was mainly attributable to the increase in coal equipment products finance lease business of the leasing company under the Group.

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

As at 30 June 2021, the net value of the Group's debt instruments at fair value through other comprehensive income amounted to RMB4.283 billion, representing a net increase of RMB762 million or 21.6% as compared to RMB3.521 billion as at 31 December 2020, which was mainly attributable to the increase in settlement amount of acceptance notes in the process of product sales.

(V) Contract assets

As at 30 June 2021, the net value of the Group's contract assets amounted to RMB1.830 billion, representing a net increase of RMB347 million or 23.4% as compared to RMB1.483 billion as at 31 December 2020, which was mainly attributable to the increase in the Group's right to consideration arising from its sales of coal equipment products. Such rights will be exercised upon completion of the relevant ancillary services agreed in the contract.

(VI) Prepayments and other receivables

As at 30 June 2021, the net value of the Group's prepayments and other receivables amounted to RMB8.810 billion, representing a net increase of RMB1.829 billion or 26.2% as compared to RMB6.981 billion as at 31 December 2020, which was mainly attributable to the increase of operation revolving loans provided by Finance Company to members other than China Coal Energy.

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(VII) Borrowings

As at 30 June 2021, the balance of borrowings of the Group amounted to RMB72.689 billion, representing a net increase of RMB4.031 billion or 5.9% as compared with RMB68.658 billion as at 31 December 2020, which was mainly attributable to the increase in long-term borrowings resulting from the new project loans implemented according to the annual financing plan by the Group, among which, the balance of long-term borrowings (including the long-term borrowings due within one year) was RMB71.617 billion, representing a net increase of RMB4.628 billion as compared to RMB66.989 billion as at 31 December 2020, and the balance of short-term borrowings amounted to RMB1.072 billion, representing a net decrease of RMB597 million as compared to RMB1.669 billion as at 31 December 2020.

(VIII) Long-term bonds

As at 30 June 2021, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB27.218 billion, representing a net increase of RMB207 million or 0.8% as compared to RMB27.011 billion as at 31 December 2020. The increase was mainly attributable to the combined effects of the Group's arrangement of issuing medium-term notes of RMB3.0 billion according to the annual debt financing plan and the repurchase of RMB2.8 billion corporate bonds with an exercisable coupon rate adjustment option upon 3 years.

VI. OVERSEAS ASSETS

For the six months ended 30 June 2021, there were no material change in the Group's major assets. At the end of the reporting period, total assets amounted to RMB301.185 billion, representing an increase of RMB19.611 billion or 7.0% as compared to the beginning of the year, among which, overseas assets amounted to RMB444 million, accounting for 0.15% of total assets.

VII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have significant charge of assets during the reporting period. As at 30 June 2021, the book value of the Group's charge of assets amounted to RMB1.410 billion, of which the book value of pledged assets was RMB333 million and the book value of mortgaged assets was RMB1.077 billion.

VIII. SIGNIFICANT INVESTMENT

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

IX. MATERIAL ACQUISITIONS AND DISPOSALS

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

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X. ISSUANCE OF CORPORATE BONDS

The goal of registration and issuance of corporate bonds by the Group is to replenish the working capital of the Group and adjust the debt structure. As at 30 June 2021, details of corporate bonds issued by the Group are set out as follows.

Disclosures	Corporate Bonds					
	17 China Coal 01	18 China Coal 02	18 China Coal 05	18 China Coal 06	18 China Coal 07	20 China Coal 01
1. Reason for issue	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.
2. Type of issue	Public issue	Public issue	Public issue	Public issue	Public issue	Public issue
3. Book value	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100
4. Issue scale	RMB1.0 billion	RMB0.4 billion	RMB2.2 billion	RMB0.8 billion	RMB0.8 billion	RMB3.0 billion
5. Total proceeds raised after deducting the issuance expenses	RMB997 million	RMB399 million	RMB2.193 billion	RMB798 million	RMB798 million	RMB2.997 billion
6. Bonds balance	RMB0.074 billion	RMB0.4 billion	RMB2.2 billion	RMB0.8 billion	RMB0.8 billion	RMB3.0 billion
7. Coupon rate	2.85%	5.0%	4.69%	4.89%	4.40%	3.60%
8. Issue object	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Professional investor
9. Use details :	All the proceeds net of issuance fee were used to repay the Company's due short-term financing bonds.	All the proceeds net of issuance fee were used to replenish the Company and its subsidiaries' working capital and repay the due bank loans.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the issuers' due bank loans.	All the proceeds net of issuance fee were used to repay the interest-bearing debts and replenish working capital.
(1) A detailed breakdown and description of the proceeds for each issue and the purposes for which they are used during the financial year						
(2) If the proceeds have not been used, provide the different intended use details and descriptions of the relevant proceeds	-	-	-	-	-	-
(3) Whether the use or intended use of the proceeds is in accordance with the plan previously disclosed by the issuer	yes	yes	yes	yes	yes	yes

Notes: 1) The Company completed the 2017 public issuance of corporate bonds (tranche 1) (abbreviated as "17 China Coal 01") on 20 July 2017 for a term of 5 years and with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors. The Company announced the "Announcement on Repurchase of Bonds in 2020 for 2017 Corporate Bonds (Tranche 1) Publicly Issued by China Coal Energy Company Limited (《中國中煤能源股份有限公司2017年公開發行公司債券(第一期)2020年債券回售實施公告》)" on 15 June 2020, and announced to exercise the coupon rate adjustment option on 17 June 2020, adjusting the coupon rate to 2.85%, which remains unchanged for 2 years after the survival period of the current tranche of bonds (between 20 July 2020 and 19 July 2022). The Company made registration for those holders of 17 China Coal 01 applying for the saleback during the saleback registration period (between 18 June 2020 and 24 June 2020, trading days only). According to the statistics on the saleback of the current tranche of bonds made by China Securities Depository and Clearing Corporation Limited Shanghai Branch, the number of 17 China Coal 01 validly registered for the saleback amounted to 925,603 board lots, involving a saleback amount of RMB925,603,000. On 20 July 2020, the Company implemented saleback for those validly registered holders of 17 China Coal 01, and the balance of the bonds after the saleback was RMB74,397,000.

2) The Company completed a public issuance of corporate bonds (tranche 1) (category 1) (abbreviated as "18 China Coal 01") on 9 May 2018 at an issuance scale of RMB1.1 billion for a term of 5 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors; on 5 June 2018, the Company completed a public issuance of corporate bonds (tranche 2) (category 1) (abbreviated as "18 China Coal 03") at an issuance scale of RMB1.7 billion for a term of 5 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors. During the reporting period, the Company has implemented saleback for the aforesaid two tranches of bonds, and has made full payment and completed the delisting.

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XI. ISSUANCE OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS AND PRINCIPAL AND INTEREST PAYMENT THEREOF

Name of bonds	Issue scale (RMB 100 million)	Interest rate (%)	Term	Effective date	Due date	Repayment Status
15 China Coal MTN001	100.00	4.95	7 years	18 June 2015	18 June 2022	Interest paid and principal paid on due date
19 China Coal Energy MTN001	50.00	4.19	5+2 years	23 July 2019	The maturity date of this medium-term note is 23 July 2026; if investors exercise their saleback options, the maturity date of those parts of debts soldback is 23 July 2024.	Interest paid and principal paid on due date
20 China Coal Energy MTN001A	15.00	3.28	5 years	13 April 2020	13 April 2025	Interest paid and principal paid on due date
20 China Coal Energy MTN001B	5.00	3.60	7 years	13 April 2020	13 April 2027	Interest paid and principal paid on due date
21 China Coal Energy MTN001	30.00	4.00	5 years	26 April 2021	26 April 2026	Interest not due yet
Total	<u>200.00</u>	-	-	-	-	-

As of 30 June 2021, the Group has paid the principal and interest of its bonds and other debt financing instruments by the agreed time. No default or delayed payment of principal and interest has occurred.

XII. RISKS OF EXCHANGE RATE

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

XIII. RISKS OF COMMODITY VALUE

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

XIV. INDUSTRY RISKS

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

During the reporting period, there were no major changes in the risks of the Company's operations. For details, please refer to the "Directors' Report" section of the Annual Report 2020.

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XV. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 30 June 2021, the Group provided guarantees of RMB11.853 billion in total, of which guarantees of RMB9.255 billion were provided to the share-holding companies in proportion to the Group's shareholdings. Details are as follows:

Unit: RMB10 thousand

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	The Company's external guarantees (excluding guarantees for subsidiaries)								Counter guarantee available or not	Provided to the related party or not	Connected party relationship
					Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Major debts	Guarantees (if any)	Completed or not	Overdue or not	Overdue amount			
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	1,775.50	28 March 2008	28 March 2008	20 December 2023	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	No	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	54,476.58	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	145,831.95	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Zhongtian Synergetic Energy Company Limited	675,926.95	25 May 2016	25 May 2016	As per agreement	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	No	Yes	Other related party
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	4,125.00	25 November 2015	30 November 2015	1 September 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	11,750.00	2 February 2018	26 February 2018	2 February 2025	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	31,600.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	Punctual payment of principal and interests	-	No	No	-	Yes	No	Other
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)															-183,065.92
Total balance of guarantee as at the end of the reporting period (A)															925,485.98
guarantee provided by the Company to its subsidiaries															
Total guarantee to subsidiaries incurred during the reporting period															-48,356.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)															259,764.50
total guarantee of the Company (including those to subsidiaries)															
Total guarantee (A+B)															1,185,250.48
Percentage of total guarantee to net assets of the Company (%)															11.03
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)															1,775.50
Excess amount of total guarantee over 50% of net assets (E)															-
Total amount of the above three categories (C+D+E)															1,775.50

(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 2021, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS

The Group is a large-scale energy enterprise integrating businesses such as coal production and trading, coal chemical operations, coal mining equipment manufacturing, pit-mouth power generation as well as financial and relevant services. The Group principally engaged in coal business with ample coal resources, diversified coal products, modern coal mining, washing and compounding technologies and a nationwide marketing network, ranking on the top of the coal industry in terms of overall strengths. By optimising the industrial structure and vigorously developing new coal chemical operations, the Group has gained extensive experience in coal conversion, clean and efficient utilisation, and the Group's facility operational efficiency and main econotechnical indicators have stayed ahead in the industry, with a distinct low-cost competitive advantage. By taking full advantages of the professional technology expertise in the coal mining equipment, the Group has enriched its product structure and expanded the scope of its business to enhance its market share. The Group leverages on the advantages of its whole industry chain to develop financial operations, while deepens the contents of its financial service for forging a financial system with its own characteristics. In the first half of 2021, Chinese economy has shown a positive trend with stability and consolidation, and market demand continued to recover. With rapid growth in coal consumption and continuous rebound of demand on coal chemical products, coal mine intelligent transformation will further promote the high-quality development of equipment manufacturing.

(I) Coal Operations

1. Coal production

In the first half of the year, the Group organized and fostered pandemic control, production and organization. Under the premises of ensuring safety, the Group accelerated the release of quality production capacity, strengthened the coordination of production, transport and sales, therefore the production volume of coal maintained a steady growth. During the reporting period, the production volume of commercial coal reached 56.49 million tonnes, representing a year-on-year increase of 3.42 million tonnes.

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

Item	January to June 2021	January to June 2020	Change (%)
Production volume of commercial coal	5,649	5,307	6.4
(I) By region:			
1. Shanxi	4,091	4,066	0.6
2. Inner Mongolia and Shaanxi	1,222	888	37.6
3. Jiangsu	271	328	-17.4
4. Xinjiang	65	25	160.0
(II) By coal type:			
1. Thermal coal	5,029	4,734	6.2
2. Coking coal	620	573	8.2

Business Performance

Adhering to the idea of prioritizing people and life, the Company continued to step up investment in safety to lay a solid foundation for safety, focused on the prevention and resolution of major safety risks, and continued to carry out assurance projects for system optimisation, equipment upgrading, quality enhancement and management improvement. Thirteen coal mines under production were rated as National Level I Standardised Coal Mines for safe production. With the steady increase in its ability to ensure safety, the Group has achieved safe production.

By adhering to the development direction of “safety, efficiency, green development, and intelligent production”, the Group accelerated the construction of intelligent coal mine and intelligent work interface, vigorously strengthened technological research and development, built a robust technological innovation system, strived to resolve common technical issues, and led the advancement of industry technologies. Driving the improvement of the quality and efficiency of coal production with technology innovation, the Group has achieved the close integration of technology and production through the intellectualization of mining technology and innovative research and development of equipment. The Group actively put the concept of green development into practice through promoting ecosystem restoration and building green mines. During the reporting period, the raw coal efficiency was 38.9 tonnes per worker-shift, representing an advanced level in the coal industry.

2. Sales of coal

In the first half of the year, the Group resolutely executed the major decisions and plans of the central government, earnestly fulfilled the responsibility for national energy security as a central state-owned enterprise, actively implemented measures to ensure supply and price stability, and strictly followed the mechanism in relation to medium to long-term contracts to ensure the stable development of the country’s economy and society. The Group put the advantages of centralized sales and nationwide marketing network into full play. By enhancing market analysis and researches, the Group tapped along with the market pattern and timely adjusted its procurement strategies and pricing policies to fully capture external resources procurement and increase resources supply capability. Hence, the Group’s market influence and market share were further enhanced, with sales scale reaching a historical high record for the same period again. China Coal Energy’s branding advantage, market voice and influence were, therefore, further enhanced. The cumulative sales volume of commercial coal during the reporting period was 148.25 million tonnes, representing a year-on-year increase of 28.2%.

Business Performance

Table on Coal Sales

Unit: 10 thousand tonnes

Item	January to June 2021	January to June 2020	Change (%)
Sales volume of commercial coal	14,825	11,563	28.2
(I) By business type:			
1. Self-produced coal	5,574	5,332	4.5
2. Proprietary trading coal sales	8,850	6,157	43.7
3. Agency sales	401	74	441.9
(II) By region:			
1. North China	5,410	4,007	35.0
2. East China	5,221	4,622	13.0
3. South China	2,048	1,427	43.5
4. Central China	1,123	743	51.1
5. Other regions	1,023	764	33.9

(II) Coal Chemical Operations

The process for manufacturing the Group's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas (CO+H₂), which is then purified to produce synthetic ammonia or methanol. Synthetic ammonia and carbon dioxide are used to produce urea. Through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene. In the first half of the year, the Group proactively carried out the construction of safety production standardization, strived to enhance lean management, continued to improve the management level of on-site operations, and thereby achieved safe and stable operation of production equipment. The Group enhanced target-oriented management, sought to reduce costs and consumption and enhance quality and efficiency in every aspect of production, technology and management to further improve coal chemical operations. During the reporting period, the production volume of major coal chemical products was 2.306 million tonnes, representing a year-on-year increase of 20.2%.

The Group implements centralised management for the sales of coal chemical products. In the first half of the year, the Group overcame unfavourable factors such as significant price fluctuations and hindered logistics. By flexibly adjusting marketing strategies, optimising customer structure, strengthening quality management and after-sales service, actively seeking preferential freight prices from third parties, and making reasonable arrangements for front-end warehouses, the Group managed to sell all the coal chemical products manufactured. During the reporting period, the accumulated sales volume of self-produced coal chemical products amounted to 2.554 million tonnes, representing a year-on-year increase of 17.9%.

The Group has established three professional coal chemical research institutes to construct an innovative platform, speed up the training of key technical personnel and constantly improve technological innovation capabilities. The Group worked on product differentiation and product chain extension based on its existing process to fulfil the national strategy to ensure food security and strengthen the protection of cultivated land. The Group organized the development of differentiated products containing polyglutamic acid large particles of urea, and sold 43,000 tonnes during the reporting period. The Group produced and developed modified polyolefin products in accordance with the market-oriented principle. During the reporting period, 45,000 tonnes of various polyolefin products were produced and sold.

Business Performance

Table on Coal Chemical Products Production and Sales

Unit: 10 thousand tonnes

Product types	January to June 2021	January to June 2020	Change (%)
(I) Polyolefin			
1. Polyethylene Production volume	39.9	38.9	2.6
Sales volume	39.8	37.8	5.3
2. Polypropylene Production volume	38.7	37.4	3.5
Sales volume	39.0	37.7	3.4
(II) Urea			
1. Production volume	101.4	86.6	17.1
2. Sales volume	125.5	114.5	9.6
(III) Methanol			
1. Production volume	50.6	28.9	75.1
2. Sales volume	51.1	26.7	91.4

- Notes: 1. The urea sales volume of the Company includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group.
2. The methanol sales volume of the Company includes internal consumption volume.

(III) Coal Mining Equipment Operations

In the first half of the year, the Group continuously optimised the organisation of production to realise the close connection and linkage between technology, procurement, production and outsourcing. Production efficiency was thus greatly improved. The cumulative value of coal mining equipment amounted to RMB4.78 billion, representing a year-on-year increase of 3.2%. The Group deeply explored the coal machine market by timely tracking changes in the market situation, seizing valid orders and constantly increasing the marketing scale and efficiency to consolidate the market share of leading products. Value of new contracts increased by 14.1% year on year. The Group continued to promote non-coal and transformation products. The operations of non-coal chains, water treatment, modified vehicles, drilling equipment, refuse collection vehicles and other non-coal products as well as shield tunneling machines, wind power maintenance and other transformation equipment continued to expand. The Group strove to build a marketing structure for diversified products and continued to expand market boundaries. Revenue from accessories and non-coal business accounted for 41.8% of the total, representing a year-on-year increase of 1.7 percentage points.

Business Performance

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

Product types	Production value			Revenue	
	January to June 2021	January to June 2020	Change (%)	January to June 2021	Percentage of revenue of the coal mining equipment segment (%)
Main conveyor products	21.5	19.0	13.2	20.58	41.5
Main support products	17.0	18.7	-9.1	16.61	33.5
Others	9.3	8.6	8.1	12.37	25.0
Total	47.8	46.3	3.2	49.56	100.0

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

(IV) Financial Operations

Building on its own business development and the whole industry value chain for coal business, the Group proactively gave full play to the advantages of capital management mechanism of Finance Company and the uniform digital finance platform information technology, so as to push forward high-quality development of the Company. The Company continued to facilitate information technology innovation and realized online transformation of its daily capital planning and management, thereby enhancing its capital management efficiency and liquidity management level. By constantly strengthening effective capital management and accurately analyzing interest rate trend of the market, the Company made timely optimisation and adjustment on its allocation strategy of the interbank deposit category and term. The Company further increased its credit investment, optimised capital and resources allocation and supported its industry structure adjustments. During the reporting period, daily scale of self-operated loans amounted to RMB13.86 billion, a year-on-year increase of 6.2%. At the end of the reporting period, scale of self-operated loans amounted to RMB14.33 billion representing a year-on-year increase of 8.7%; scale of deposits absorbed amounted to RMB52.58 billion representing a year-on-year increase of 60.5%.

Table on Financial Operations

Unit: RMB100 million

Business types	At the end of June 2021	At the end of June 2020	Change (%)
Scale of deposits absorbed	525.8	327.7	60.5
Placement of interbank deposits	394.6	218.1	80.9
Scale of self-operated loans	143.3	131.8	8.7

Business Performance

(V) Synergy among Business Segments

The Group fully capitalised on the advantages of integrated coal, power and chemical industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. During the reporting period, the power plants and coal chemical enterprises of the Company jointly promoted clean utilisation and conversion of coal, and consumed 3.21 million tonnes of self-produced low calorific value coal in total. The coal chemical projects in the regions of Inner Mongolia and Shaanxi exerted more efforts into local transformation of self-produced coal and purchased 1.91 million tonnes of coal from coal mines of the Company. The coal mining equipment business segment achieved internal product sales and services revenue of RMB525 million, representing 10.6% of the total sales revenue of the segment. For the finance segment, newly issued internal loans amounted to RMB2.62 billion in aggregate and the amount of internal loans as at the end of the reporting period was RMB8.73 billion, offering financing convenience with rich varieties and quality service. Hence, financing costs have been lowered and a total of finance expenses amounting to RMB183 million have been saved.

II. ANALYSIS OF CORE COMPETITIVENESS

The Company's core business segments focus on coal, coal chemical, power generation and coal mining equipment. Leveraging on bases located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu, Xinjiang, etc., and adhering to the development direction of "efficiency enhancement and incremental transformation", the Company is dedicated to becoming a world first-class clean 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 with abundant resources in the central and western regions. With its leading position in the industry in terms of the proportion of quality production capacity, coal resource reserves, and technologies and techniques in coal mining, washing, compounding, the Company has distinctive competitive advantages for large-scale coal mines and low-cost. Mining Areas in Pingshuo, Shanxi and Hujerte, Ordos of Inner Mongolia, primarily developed by the Company, are the important thermal coal production bases in the PRC. Xiangning Mining Area in Shanxi where Wangjialing Coal Mine is located is the production base of coking coal of high quality with low sulphur and extra low phosphorus content in the PRC. Jincheng Mining Area in Shanxi where Libi Coal Mine is located is the production base of high-quality anthracite in the PRC. The Company's coal key construction projects have achieved progress smoothly. Projects such as Dahaize Coal Mine and Libi Coal Mine all progress steadily and orderly. It is the professional and sophisticated management mode, the capable and efficient production mode, the scale merit of cluster development, the high quality and abundant coal resources and coordinated development of the industry chain that constitute the core competitive advantages of the Company in the coal industry.

The Company focuses on the clean and efficient conversion and utilization of coal, and strives to establish a new circular economic business line for coal, power, chemical, etc. On coal chemical business, the development of modern coal chemical industries such as coal-to-olefins and coal-to-urea is highlighted, the equipment maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products", and major production and operation indicators are still front-rank in the industry. On coal-power business, the Company orderly develops environment-friendly pit-mouth power plants and power plants utilizing inferior coal, facilitates the coal-power integration, and creates the features and advantages of low-cost, high-efficiency, and comprehensive utilization of resources in a proactive manner.

Business Performance

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 industry-leading proportion of seaborne coal resources in the four northern ports of coal. Capitalizing on its own marketing network of coal sales and logistics system, well-established port service and high-caliber professional teams, the Company is able to provide customers with high quality services with excellent capabilities for market exploration and distribution.

The Company is the only large-scale energy enterprise in China, or even in the world, which is able to engage in manufacturing coal mining equipment, coal mining, washing, preparation and processing, logistics and transportation as well as provision of systematic solution, with the advantages of the whole industry chain for coal business. Under the new situation, the Company has a solid business foundation in expanding the market of intelligent transformation of coal mines and providing energy efficiency improvement and comprehensive energy services for the industry and the 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 strives to push forward the construction of research and development platform to ensure innovative development. It also actively carries out the construction of the first group of national intelligent demonstration coal mines, which opens up the market to intelligent construction. New achievements were made in key technological projects, and the implementation of a batch of national technological projects achieved stage results. Through strengthening the research on key technologies and setting up a special mechanism for key technological projects, the Company made solid progress in two key technological projects, including the “Key Technologies for Rock Burst Prevention and Control in the Areas of Inner Mongolia and Shaanxi”. The Company takes a step forward for digital transformation, and the integration of informatization and industrialization enables the business to improve 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 has implemented a reform of the headquarter’s institutions and strived to build 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 centralized management and control over sales of coal and coal chemical products as well as centralized management of finance, investment and material procurement, and enhances management by objectives and comprehensive budget control, significantly lowers the costs and enhances its advantages on productivity and operating efficiency. By promoting the development of the “harmony” culture of “respect and inclusion, trust and support, united minds and actions, and harmonious development”, the Company has established a good corporate image and enhanced staff cohesion.

In recent years, the Company has adhered to the existing strategy and has firm confidence in development, and its principal coal business has achieved scale development. The Company has expedited the extension of coal business to coal chemical and coal power generation areas, and has enhanced value-added capabilities of the overall industry chain. The Company has promoted a shift of development model from a scale and speed-oriented extensive growth model to a quality and efficiency-focused intensive model, thus continuously improving its core competitiveness. The Company has vigorously pushed forward quality enhancement, cost reduction and efficiency improvement so as to maintain a sound financial structure and enhance risk resistance capability, thus laying a solid foundation for promoting high-quality development of the Company.

Investor Relations

In the first half of 2021, the Company continued to enhance the level of information disclosure in strict accordance with laws, regulations and regulatory requirements, improve the quality of investor relations management, promote the protection of investors' legitimate interests, diversify communication channels and strive to share development results.

COMMUNICATION VIA MULTIPLE CHANNELS IN DIVERSE FORMS TO PROMOTE EFFECTIVE INTERACTION WITH VARIOUS INVESTORS

Through results presentations, investment forums, research visits, telephone conferences and daily exchanges, the Company continued to strengthen communication with various investors via multiple online and offline channels, convey the concept of value investment actively and improve the service quality of investor relations effectively to maintain good interaction with the capital market. The Company focused on strengthening the analysis of policies and changes in the industry, promoted exchanges of views on the development prospects of the coal, electricity and chemical industry as well as the Company's competitive advantages, development strategies, operating results and information on environmental, social and governance, patiently addressed investors' concerns and conveyed the Company's values to further enhance various investors' understanding and recognition of the Company. During the reporting period, the Company held a total of 3 regular telephone briefings on results with 140 attendees, 3 investment forums with 29 attendees, and 13 routine reception of investors and teleconferences with 123 attendees.

HIGH-QUALITY INFORMATION DISCLOSURE AND TIMELY RESPONSE TO MARKET CONCERNS

The Company strictly complied with the listing rules, information disclosure measures and industry-specific information disclosure requirements of the place of listing, continued to improve the quality of information disclosure, regulated voluntary information disclosure and maximised the protection of investors' right to know and ensured the truthfulness, accuracy, completeness, clarity and simplicity of information disclosed. The Company continued to answer questions and enquiries from small and medium investors in a timely manner through the Shanghai Stock Exchange's E-interactive platform and the Company's investor enquiry hotline and mailbox. The Company made a timely response to market concerns to help investors to better understand the Company's operating conditions and development direction and boosted the capital market's confidence in the Company's development prospects. In the first half of the year, 240 announcements were released to disclose information and more than 120 questions received from various channels were answered.

IMPROVEMENT IN QUALITY OF INVESTOR RELATIONS MANAGEMENT WITH FOCUS ON INFORMATION COLLECTION AND FEEDBACK

The Company strengthened the follow-up analysis of hot topics in the capital market, stepped up dynamic monitoring of the Company's stock price valuation, securities research reports and media comments, initiated investor perception surveys, collected suggestions and opinions from small and medium investors extensively and reported capital market information and development suggestions to the Company's management promptly. The Company formulated a dedicated proposal for investor communication, set out the tasks, mechanism and means of annual implementation of investor relations management, diligently implemented key tasks and continued to improve the quality of investor relations management. In the first half of the year, more than 50 documents, including regular news compilations, monthly investor relations reports, benchmarking analysis reports and Q&A reference manuals, were submitted to the management, and more than 50 key questions and suggestions from investors were collected and answered.

PROMOTION OF LEGAL KNOWLEDGE AND EMPHASIS ON INVESTOR PROTECTION

In accordance with the relevant requirements of the regulatory bodies and industry associations of the listing places, the Company carefully organised promotion and education events, such as "Investor Protection Education", "National Investor Protection Publicity Day" and "Prevention of Illegal Securities and Futures Publicity Month", through online and offline channels to raise public awareness of investor protection. Industry information, the listing rules of the listing places and the dividend distribution process that were the concerns of small and medium investors were explained thoroughly in daily communication. An investor protection column was set up on the Company's official website to promote recommended materials and exchange events of the Company, investment education cases, laws and regulations extensively.

In the second half of 2021, the Company will further strengthen its virtuous interaction with the capital market, provide better daily investor services, actively present its production and operation results, and safeguard the legitimate interests of shareholders in a compliant, active, equal and honest manner according to laws, regulations and regulatory requirements and will strive to create more value for investors.

Corporate Governance

I. OVERVIEW OF CORPORATE GOVERNANCE

During the reporting period, the Company regulated its operations in compliance with domestic and overseas regulatory requirements. In accordance with the requirements of the Articles of Association, relevant laws and regulations and the securities regulatory rules of the listing places of the Company, etc., and taking into account of its actual circumstances, the Company continued to effectively execute the various working mechanisms and relevant working procedures of the Board and its various special committees. During the reporting period, through the coordinated operation and effective check-and-balance system among the general meeting, the Board, the relevant special committees, the supervisory committee and the corporate management, as well as the implementation of an effective internal control system, the internal management and operations of the Company were further regulated with continuous enhancement in management standards.

The Board of the Company currently comprises eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors. Five special committees, namely the strategic planning committee, the audit and risk management committee, the remuneration committee, the nomination committee, and the safety, health and environmental protection committee, were set up under the Board to assist the Board in making decisions and monitoring the Company's strategic planning, auditing, employees' remuneration, nomination and safety production, etc., respectively. During the reporting period, the Company convened one shareholders' general meeting, three meetings of the Board and three meetings of the supervisory committee. In strict compliance with the requirements of relevant rules including the Rules of Procedures of Shareholders' General Meetings, the Rules of Procedures of the Board of Directors, the Provisional Measures on Management of Resolutions of the Board of Directors, and the Rules of Procedures of the Supervisory Committee, the Company continued its efforts in standardising the workflow and improving work quality to ensure regulated decision-making and efficient operation.

During the reporting period, the Company and its controlling shareholder, China Coal Group, were independent from each other in respect of business, staff, assets and financial affairs. Save for the internal working relationship in the Company, the Directors, the Supervisors and the senior management of the Company were not related to each other in respect of financial, business, family and other material aspects. Save for the service agreements entered into with the Company, the Directors and the Supervisors of the Company had no personal interests, directly or indirectly, in any material contracts entered into by the Company or its subsidiaries in the first half of 2021.

Corporate Governance

II. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

III. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

IV. AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee under the Board has reviewed the interim report of the Company for the six months ended 30 June 2021. Deloitte Touche Tohmatsu, the external auditor of the Company, conducted an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2021 in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, Deloitte Touche Tohmatsu confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

Disclosure of Major Events

I. SHARE CAPITAL STRUCTURE

As at 30 June 2021, the Company's share capital structure was as follows:

Type of Shares	<i>Unit: Share</i>	
	Number of Shares	Percentage of the total issued share capital %
A Shares	9,152,000,400	69.03
Of which: A Shares held by China Coal Group	7,605,207,608	57.36
H Shares	4,106,663,000	30.97
Of which: H Shares held by China Coal Hong Kong Limited, a wholly-owned subsidiary of China Coal Group	132,351,000	1.00
Total	13,258,663,400	100.00
Of which: Shares held by China Coal Group and parties acting in concert with it	7,737,558,608	58.36

II. DISTRIBUTION OF FINAL DIVIDENDS FOR 2020

The Company's plan of profit distribution for the year of 2020 was considered and approved at the Company's 2020 annual general meeting held on 11 May 2021. Cash dividend of RMB1,771,250,100 was distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed Company which was RMB5,904,167,000, for the year of 2020 as set out in the consolidated financial statements of 2020 prepared in accordance with the Chinese accounting standards for business enterprises. The proposed dividend distribution was based on the Company's entire issued share capital of 13,258,663,400 Shares, representing a dividend of RMB0.134 per share (tax inclusive). During the reporting period, the aforesaid dividends were duly paid to the Shareholders.

III. INTERIM REPORT DISTRIBUTION PLAN FOR 2021

The Company does not distribute any interim profit for 2021 and has no proposal to increase capital stock by transfer of reserve fund.

IV. ASSETS TRANSACTION

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

Disclosure of Major Events

V. INVESTMENT OF THE COMPANY DURING THE REPORTING PERIOD

(I) Performance of Capital Expenditure Budgeted During the Reporting Period

In 2021, the Company's capital expenditure budget closely focused on four major business segments, namely coal, coal chemical, coal mining equipment and power generation, and consisted of four categories, namely infrastructure projects, procurement and maintenance of fixed assets, equity investment and other capital expenditures. The total capital expenditure budgeted for 2021 was RMB11.789 billion. During the reporting period, the actual investment amount was RMB3.570 billion, representing 30.28% of the annual budget.

Performance of Capital Expenditure Budgeted for the First Half of 2021 (By Items)

Unit: RMB100 million

Items of capital expenditure	Actual investment from January to June 2021	Budgeted investment in 2021	Actual investment ratio %
Total	35.70	117.89	30.28
Infrastructure projects	23.49	82.41	28.50
Procurement and maintenance of fixed assets	3.98	24.92	15.97
Equity investment	2.00	3.51	56.98
Other capital expenditures	6.23	7.05	88.37

Performance of Capital Expenditure Budgeted for the First Half of 2021 (By Business Segments)

Unit: RMB100 million

Business segments	Actual investment from January to June 2021	Budgeted investment in 2021	Actual investment ratio %
Total	35.70	117.89	30.28
Coal	28.86	90.46	31.90
Coal chemical	3.34	12.22	27.33
Coal mining equipment	0.33	2.54	12.99
Power generation	1.16	10.58	10.96
Other	2.01	2.09	96.17

(II) Overall Analysis of External Equity Investments

In the first half of the year, the external equity investment primarily includes RMB200 million for Shuozhou Jinshi Fund.

Disclosure of Major Events

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2021, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term “securities” has the meaning ascribed to it under the Hong Kong Listing Rules) of the Company.

VII. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, to the knowledge of the Directors, Supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, the interests and/or short positions of the following persons (excluding Directors, Supervisors and chief executive of the Company) in the Company’s shares or underlying shares were as follows:

Unit: Share

Name of shareholders	Number of shares	Class of shares	Nature of interest	Capacity	Percentage of the respective class of the total shares in issue (%)	Percentage of the total shares in issue (%)
China National Coal Group Corporation	7,605,207,608	A Shares	N/A	Beneficial owner	83.10	57.36
Funde Sino Life Insurance Co., Ltd.	2,012,858,147	H Shares	Long position	Interest of controlled corporation by substantial shareholders	49.01	15.18

Note: The information disclosed is based on the information provided on the HKSE Website (www.hkex.com.hk).

Save as disclosed above, as of 30 June 2021, to the best knowledge of the Directors, Supervisors and chief executive of the Company, there were no other persons who were interested or held short positions in the Company’s shares or underlying shares as recorded in the register of interests required to be maintained under section 336 of the Securities and Futures Ordinance.

Disclosure of Major Events

VIII. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which are required to be recorded in the register of interests kept by the Company under Section 352 of the Securities and Futures Ordinance, or which are required to be notified to the Company and HKSE pursuant to the Model Code.

As of 30 June 2021, the Company had not granted any rights to any Directors, Supervisors or chief executive of the Company or any of their spouses or children under 18 years of age to subscribe for the shares or debentures of the Company or its associated corporations, nor did any of the above-mentioned individuals exercise any such rights to subscribe for the aforesaid shares or debentures.

IX. EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2021, the Company had a total of 41,983 on-the-job employees, including 25,355 production personnel, 995 sales personnel, 9,004 technical personnel, 827 financial personnel, 3,119 administrative personnel and 2,683 other personnel.

Under the principles of integrations between “lean and efficient deployment and safe production security”, “staff reduction, efficiency enhancement and staff structure optimisation” and “strengthening core team building and improving employee quality”, the Company enhanced staff management, continued to promote optimised human resources deployment, enhanced the establishment, education and training of core talent teams, fostered the improvement of talent team quality to meet the development needs of various industries.

In the first half of the year, the Company promoted continuous education for its employees on situational tasks, management improvement and overall quality of employees. By actively cooperating with various national training institutions, the Company organized corporation reform and trainings on promotion of overall quality of leading cadres, and has proactively established its internal Internet learning platform, while organised and participated in various online training courses on high-quality development of state-owned enterprises, Three Systems Reforms, digitalisation construction and internationalised operation of enterprises, etc. Such acts have effectively enhanced the overall quality of the employee team.

In terms of employee remuneration strategy, the Company achieved high-quality development of various works, including thoroughly promoted the reform of revenue allocation, optimised the remuneration incentive mechanism, vigorously and orderly facilitated qualified enterprises to carry out medium and long-term incentive works, motivated work initiatives and innovations, fostered reform and innovations, improved quality and efficiency, as well as prevented risks.

Disclosure of Major Events

X. CHANGES IN DIRECTORS AND SUPERVISORS

- (I) On 2 March 2021, Mr. Li Yanjiang, the chairman of the Board of the Company, resigned as the chairman of the Board and an executive Director due to retirement. Please refer to the relevant announcement published by the Company on the websites of HKSE and the Company on 3 March 2021.
- (II) On 22 April 2021, Peng Yi, the vice chairman of the Board and an executive Director of the Company, performed the duties of the president. Mr. Pu Jin ceased to hold the office of vice president and ceased to perform the duties of the president due to retirement. Please refer to the relevant announcement published by the Company on the websites of HKSE and the Company on 22 April 2021.
- (III) On 11 May 2021, Mr. Wang Shudong was appointed as an executive Director at the annual general meeting of the Company, and he was also elected as the chairman of the Board at the meeting of the Board. Please refer to the relevant announcements published by the Company on the websites of HKSE and the Company on 24 March 2021 and 11 May 2021.
- (IV) On 11 May 2021, Ms. Zhang Qiaoqiao was elected as a shareholder representative Supervisor at the annual general meeting of the Company, and Mr. Zhuo Litao ceased to be a shareholder representative Supervisor due to retirement. Please refer to the relevant announcements published by the Company on the websites of HKSE and the Company on 24 March 2021 and 11 May 2021.

XI. OTHER DISCLOSED EVENTS

(I) Increase of Annual Caps of Connected Transactions

On 22 April 2021, the second meeting of the fourth session of the Board in 2021 considered and approved the “Proposal in respect of Adjusting the Annual Caps for Certain Continuing Connected Transactions of the Company for the years from 2021 to 2023”. It was agreed to increase the annual caps for the three years from 2021 to 2023 for the continuing connected transactions in relation to the provision of coal and coal related products and services by the Company to Shanxi Coking Coal Group Co., Ltd. and its subsidiaries, and for the continuing related transactions in relation to the provision of coal and coal related products and services by Zhongtian Synergetic to the Company.

For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 22 April 2021.

(II) Disposal of Assets

On 22 April 2021, Xinjiang Branch of the Company entered into an asset transfer agreement with China Coal Group Xinjiang Energy Co., Ltd. to transfer some real estates, vehicles and office equipment to China Coal Group Xinjiang Energy Co., Ltd. at a transaction amount of RMB65.7248 million. Currently, the aforesaid asset transfer has been completed.

For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 22 April 2021.

Disclosure of Major Events

(III) Extension of Undertaking on Avoiding Horizontal Competition

On 11 May 2021, the “Proposal on the Application for Change in the Undertaking on Avoiding Horizontal Competition by the Controlling Shareholder upon Expiry” was considered and approved at the annual general meeting. China Coal Group’s application for extending the performance period of the undertaking on avoiding horizontal competition expired on 11 May 2021 to 11 May 2028 was agreed. Contents of the undertaking would be adjusted appropriately based on actual situation. For the contents of the original undertaking that “within 7 years from the date of the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited, China Coal Group will invest its competing equity interests in Import and Export Company (now renamed as China Coal Resources Development Group Company Limited, abbreviated as “Resources Development Company”), Huayu Company and Heilongjiang Coal Chemical Group into China Coal Energy”, it would be changed as “China Coal Group will, by 11 May 2028, transfer to China Coal Energy equity interests held by it in Resources Development Company and Huayu Company whose businesses involve horizontal competition with China Coal Energy under the legal conditions for injection into listed company and upon performing corresponding Board or general meeting procedures by China Coal Energy in accordance with applicable laws, regulations and the Articles of Association.” Apart from such change, China Coal Group will continue to comply with the agreements under the Non-competition Agreement to avoid potential horizontal competition with the Company.

For details, please refer to the relevant announcements published by the Company on the websites of SSE, HKSE and the Company on 24 March and 11 May 2021.

(IV) Investment in Industry Fund by a Subsidiary

On 23 June 2021, Pingshuo Group, a subsidiary of the Company, invested RMB1.0 billion for the acquisition of the stake of Shuozhou Huashuo Jinshi Energy Industry Transformation Parent Fund Partnership (Limited Partnership) Fund, and RMB0.2 billion has been funded.

For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 23 June 2021.

XII. SUBSEQUENT EVENT

The Company successfully registered medium-term notes of RMB5 billion on 19 July 2021. For details, please refer to the relevant announcement published by the Company on the websites of SSE, HKSE and the Company on 20 July 2021.

XIII. FORWARD-LOOKING STATEMENT

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

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF CHINA COAL ENERGY COMPANY LIMITED

(established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Coal Energy Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 41 to 81, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 August 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	7	98,719,897	61,393,186
Cost of sales	10		
Materials used and goods traded		(60,514,494)	(32,240,470)
Staff costs		(2,703,382)	(2,178,265)
Depreciation and amortisation		(5,148,574)	(4,704,029)
Repairs and maintenance		(1,144,857)	(895,402)
Transportation costs and port expenses		(5,363,496)	(5,668,138)
Sales taxes and surcharges		(2,507,343)	(1,700,821)
Others		(4,200,625)	(3,889,030)
		<u>(81,582,771)</u>	<u>(51,276,155)</u>
Gross profit		17,137,126	10,117,031
Selling expenses	10	(468,368)	(388,722)
General and administrative expenses	10	(2,186,647)	(1,901,964)
Other income		1,600	1,600
Other gains and losses, net	8	57,895	67,228
Impairment losses under expected credit loss model, net of reversal	9	(21,941)	(15,417)
Profit from operations		14,519,665	7,879,756
Finance income	11	53,828	89,404
Finance costs	11	(2,049,973)	(2,467,279)
Share of profits of associates and joint ventures		1,852,894	264,148
Profit before income tax		14,376,414	5,766,029
Income tax expense	12	(2,935,866)	(1,592,100)
Profit for the period		11,440,548	4,173,929

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss			
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		<u>10,235</u>	<u>(15,173)</u>
Items that may be reclassified subsequently to profit or loss			
Fair value changes on debt instruments at fair value through other comprehensive income, net of tax		<u>(8,257)</u>	28,130
Reversal of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		<u>(1,588)</u>	(9,333)
Exchange differences arising on translation of foreign operations		<u>(16,552)</u>	<u>(96)</u>
		<u>(26,397)</u>	18,701
Other comprehensive (expense) income for the period, net of tax		<u>(16,162)</u>	3,528
Total comprehensive income for the period		<u><u>11,424,386</u></u>	<u><u>4,177,457</u></u>
Profit for the period attributable to:			
Equity holders of the Company		<u>8,544,695</u>	2,529,122
Non-controlling interests		<u>2,895,853</u>	1,644,807
		<u><u>11,440,548</u></u>	<u><u>4,173,929</u></u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		<u>8,536,227</u>	2,527,991
Non-controlling interests		<u>2,888,159</u>	1,649,466
		<u><u>11,424,386</u></u>	<u><u>4,177,457</u></u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB)			
	14	<u><u>0.64</u></u>	<u><u>0.19</u></u>

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	15	131,522,876	133,678,512
Right-of-use assets		456,218	376,688
Investment properties		86,575	88,768
Mining rights	16	41,963,709	41,876,581
Intangible assets	17	1,535,379	1,596,331
Land use rights	18	6,337,768	6,189,530
Goodwill		6,084	6,084
Interests in associates		22,103,761	20,653,583
Interests in joint ventures		3,352,518	3,210,569
Equity instruments at fair value through other comprehensive income		2,287,311	2,276,738
Deferred income tax assets	29	2,292,034	2,279,022
Long-term receivables		442,874	296,999
Other non-current assets	19	5,557,981	6,819,656
Total non-current assets		217,945,088	219,349,061
Current assets			
Inventories	20	7,356,191	7,050,244
Trade receivables	21	8,243,677	7,241,095
Debt instruments at fair value through other comprehensive income	21	4,283,028	3,520,723
Contract assets	22	1,830,260	1,482,759
Prepayments and other receivables	23	8,809,747	6,981,047
Restricted bank deposits	24	5,383,355	4,551,140
Term deposits with initial terms of over three months		27,656,551	16,356,551
Cash and cash equivalents		19,677,084	15,041,195
Total current assets		83,239,893	62,224,754
TOTAL ASSETS		301,184,981	281,573,815

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Current liabilities			
Trade and notes payables	25	25,287,074	25,142,302
Contract liabilities		3,278,603	3,605,775
Accruals, advances and other payables	26	21,390,693	16,639,596
Taxes payables		1,793,828	714,956
Lease liabilities		69,974	37,207
Short-term borrowings	27	1,071,547	1,668,547
Current portion of long-term borrowings	27	8,484,113	15,472,354
Current portion of long-term bonds	28	12,975,254	5,797,259
Current portion of provision for close down, restoration and environmental costs	30	69,503	71,607
Total current liabilities		74,420,589	69,149,603
Non-current liabilities			
Long-term borrowings	27	63,133,069	51,516,595
Long-term bonds	28	14,243,179	21,214,064
Deferred income tax liabilities	29	5,742,232	5,784,058
Lease liabilities		458,632	409,074
Provision		33,684	33,740
Provision for employee benefits		101,873	109,805
Provision for close down, restoration and environmental costs	30	3,530,018	3,197,338
Deferred revenue		1,444,501	1,472,858
Other long-term liabilities		5,217,086	5,021,082
Total non-current liabilities		93,904,274	88,758,614
Total liabilities		168,324,863	157,908,217

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Equity			
Share capital	<i>31</i>	13,258,663	13,258,663
Reserves		47,783,289	46,917,259
Retained earnings		46,377,095	40,483,559
		<hr/>	<hr/>
Equity attributable to the equity holders of the Company		107,419,047	100,659,481
Non-controlling interests		25,441,071	23,006,117
		<hr/>	<hr/>
Total equity		132,860,118	123,665,598
		<hr/> <hr/>	<hr/> <hr/>
TOTAL EQUITY AND LIABILITIES		301,184,981	281,573,815
		<hr/> <hr/>	<hr/> <hr/>

Wang Shudong
Chairman of the Board
Executive Director

Chai Qiaolin
Chief Financial Officer

Zheng Weili
Manager of Finance Department

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to the equity holders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000		
At 1 January 2021 as previously reported (Audited)	13,258,663	46,917,259	40,483,559	100,659,481	23,006,117	123,665,598
Profit for the period	-	-	8,544,695	8,544,695	2,895,853	11,440,548
Other comprehensive expense for the period	-	(8,468)	-	(8,468)	(7,694)	(16,162)
Total comprehensive (expense) income for the period	-	(8,468)	8,544,695	8,536,227	2,888,159	11,424,386
Appropriations	-	770,670	(770,670)	-	-	-
Share of other changes of reserve of associates and joint ventures	-	103,828	(103,828)	-	-	-
Contributions from non-controlling interests	-	-	-	-	30,000	30,000
Dividends (Note 13)	-	-	(1,776,661)	(1,776,661)	(483,205)	(2,259,866)
At 30 June 2021 (Unaudited)	13,258,663	47,783,289	46,377,095	107,419,047	25,441,071	132,860,118
At 1 January 2020 as previously reported (Audited)	13,258,663	47,082,724	36,677,706	97,019,093	20,201,827	117,220,920
Effect of business combination under common control in 2020 (Note 3.1)	-	25,500	3,369	28,869	27,737	56,606
At 1 January 2020 (Restated)	13,258,663	47,108,224	36,681,075	97,047,962	20,229,564	117,277,526
Profit for the period	-	-	2,529,122	2,529,122	1,644,807	4,173,929
Other comprehensive (expense) income for the period	-	(1,131)	-	(1,131)	4,659	3,528
Total comprehensive (expense) income for the period	-	(1,131)	2,529,122	2,527,991	1,649,466	4,177,457
Appropriations	-	244,203	(244,203)	-	-	-
Share of other changes of reserve of associates and joint ventures	-	55,637	(55,637)	-	-	-
Acquisition of a subsidiary under common control in 2020 (Note 3.1)	-	(25,500)	(4,576)	(30,076)	-	(30,076)
Contributions from non-controlling interests	-	-	-	-	598	598
Dividends (Note 13)	-	-	(1,683,946)	(1,683,946)	(155,327)	(1,839,273)
Others	-	-	15,951	15,951	15,326	31,277
At 30 June 2020 (Unaudited)	13,258,663	47,381,433	37,237,786	97,877,882	21,739,627	119,617,509

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Cash generated from operations	32	22,320,632	10,737,832
Income tax paid		(1,910,136)	(1,559,572)
Net cash generated from operating activities		20,410,496	9,178,260
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(3,709,283)	(4,319,548)
Proceeds from disposals of property, plant and equipment		70,330	10,102
Proceeds from disposals of intangible assets		4,237	–
Payments for land use rights, mining rights and intangible assets		(561,870)	(620,920)
Net cash inflow on acquisition of a subsidiary		–	8,208
Payment for investment in an associate		(200,000)	–
Payment for investments in joint ventures		–	(16,000)
Dividends received		542,489	173,062
Loans repayment from the Parent Company and fellow subsidiaries		771,906	1,026,911
Loan repayment from an associate		–	975,000
Loans granted to the Parent Company and fellow subsidiaries		(899,500)	(1,965,000)
Interest income on loans receivables		100	45,043
Interest income on loans to the Parent Company and fellow subsidiaries		137,126	–
Interest income on term deposits		140,802	89,990
(Increase) decrease in term deposits with initial terms of over three months		(11,300,000)	3,552,822
Net cash used in investing activities		(15,003,663)	(1,040,330)
FINANCING ACTIVITIES			
Proceeds from borrowings		16,871,906	20,013,040
Repayments of borrowings		(12,840,673)	(17,976,075)
Repayments of Long-term bonds		(2,800,000)	–
Purchase of non-controlling interest in a subsidiary		(50,332)	–
Payment for acquisition of a subsidiary under common control		–	(30,076)
Contributions from non-controlling interests		30,000	598
Dividends paid		(2,624,718)	(211,181)
Interest paid		(2,296,705)	(2,317,968)
Proceeds from issuance of long-term bonds		3,000,000	5,000,000
Repayments of leases liabilities		(36,673)	(46,227)
Bonds issuance costs		(34,354)	(35,683)
Net cash (used in) generated from financing activities		(781,549)	4,396,428
Net increase in cash and cash equivalents		4,625,284	12,534,358
Cash and cash equivalents, at beginning of the period		15,041,195	12,137,655
Effect of foreign exchange rate changes		10,605	4,799
Cash and cash equivalents at end of the period		19,677,084	24,676,812

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

3.1 2020 Acquisition

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

As the Group and Xinji Company were under common control of China Coal Group before and after the 2020 Acquisition, the acquisition is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the condensed consolidated financial statements of the Group have been prepared as if Xinji Company was a subsidiary of the Company ever since it became under common control of China Coal Group.

4. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRS Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IFRS 9, HKAS 39 IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

The application of the amendments to IFRS Standards in the current interim period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

5. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

6. SEGMENTS INFORMATION

6.1 General information

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. SEGMENTS INFORMATION (CONTINUED)

6.1 General information (continued)

(b) Operating and reportable segments

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

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

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. SEGMENTS INFORMATION (CONTINUED)

6.2 Information about operating and reportable segment profit or loss, assets and liabilities (continued)

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

	For the six months ended 30 June 2021 (Unaudited) and as at 30 June 2021 (Unaudited)								
	Coal	Coal- chemical products	Mining machinery	Finance	Others	Total segment	Unallocated	Inter- segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue									
Total revenue	83,318,501	10,594,259	4,955,846	745,276	4,284,105	103,897,987	-	(5,178,090)	98,719,897
Inter-segment revenue	(3,728,192)	(184,495)	(525,344)	(185,395)	(554,664)	(5,178,090)	-	5,178,090	-
Revenue from external customers	<u>79,590,309</u>	<u>10,409,764</u>	<u>4,430,502</u>	<u>559,881</u>	<u>3,729,441</u>	<u>98,719,897</u>	<u>-</u>	<u>-</u>	<u>98,719,897</u>
Segment results									
Profit (loss) from operations	11,789,770	1,757,125	279,128	470,543	402,870	14,699,436	(183,330)	3,559	14,519,665
Profit (loss) before income tax	11,607,017	2,543,238	239,316	470,160	322,791	15,182,522	(826,038)	19,930	14,376,414
Interest income	189,137	22,456	9,181	-	7,808	228,582	537,598	(712,352)	53,828
Interest expense	(1,000,427)	(408,552)	(33,982)	-	(116,492)	(1,559,453)	(1,255,816)	754,939	(2,060,330)
Depreciation and amortisation	(3,319,306)	(1,392,072)	(232,593)	(815)	(399,640)	(5,344,426)	(8,058)	-	(5,352,484)
Share of profits (losses) of associates and joint ventures	624,491	1,172,053	(18,895)	-	-	1,777,649	75,245	-	1,852,894
Income tax expense	(2,471,242)	(222,082)	(33,234)	(116,470)	(57,457)	(2,900,485)	-	(35,381)	(2,935,866)
Other material non-cash items	-	-	-	-	-	-	-	-	-
(Provision for) reversal of impairment of other assets	(5,936)	(59)	(15,547)	(16,024)	5,520	(32,046)	(1,047)	15,413	(17,680)
Addition to non-current assets	3,673,528	687,773	63,060	-	14,171	4,438,532	6,616	-	4,445,148
Segment assets and liabilities									
Total assets	<u>164,246,524</u>	<u>59,301,013</u>	<u>18,569,328</u>	<u>56,977,305</u>	<u>13,406,490</u>	<u>312,500,660</u>	<u>13,857,053</u>	<u>(25,172,732)</u>	<u>301,184,981</u>
Including: interests in associates and joint ventures	<u>7,942,203</u>	<u>12,665,543</u>	<u>894,351</u>	<u>-</u>	<u>128,659</u>	<u>21,630,756</u>	<u>3,825,523</u>	<u>-</u>	<u>25,456,279</u>
Total liabilities	<u>72,739,649</u>	<u>20,868,550</u>	<u>7,468,018</u>	<u>52,738,788</u>	<u>8,798,447</u>	<u>162,613,452</u>	<u>68,950,308</u>	<u>(63,238,897)</u>	<u>168,324,863</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. SEGMENTS INFORMATION (CONTINUED)

6.2 Information about operating and reportable segment profit or loss, assets and liabilities (continued)

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

	For the six months ended 30 June 2020 (Unaudited) and as at 31 December 2020 (Audited)								
	Coal- chemical Coal	Coal- chemical products	Mining machinery	Finance	Others	Total segment	Unallocated	Inter- segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue									
Total revenue	48,244,478	8,094,764	4,561,222	575,436	3,255,861	64,731,761	-	(3,338,575)	61,393,186
Inter-segment revenue	(1,869,837)	(124,634)	(603,932)	(207,952)	(532,220)	(3,338,575)	-	3,338,575	-
Revenue from external customers	46,374,641	7,970,130	3,957,290	367,484	2,723,641	61,393,186	-	-	61,393,186
Segment results									
Profit (loss) from operations	6,147,947	894,932	244,042	405,240	435,454	8,127,615	(145,120)	(102,739)	7,879,756
Profit (loss) before income tax	5,556,789	245,047	224,205	404,959	317,767	6,748,767	(971,301)	(11,437)	5,766,029
Interest income	213,435	19,753	2,964	-	7,153	243,305	660,995	(814,896)	89,404
Interest expense	(1,109,893)	(566,533)	(47,545)	-	(125,726)	(1,849,697)	(1,525,547)	905,543	(2,469,701)
Depreciation and amortisation	(2,955,252)	(1,489,192)	(200,084)	(693)	(313,468)	(4,958,689)	(8,755)	-	(4,967,444)
Share of profits (losses) of associates and joint ventures	309,380	(99,672)	18,943	-	(2,669)	225,982	38,166	-	264,148
Income tax expense	(1,396,521)	(65,832)	(15,105)	(105,722)	(7,336)	(1,590,516)	-	(1,584)	(1,592,100)
Other material non-cash items									
(Provision for) reversal of impairment of other assets	490	11,040	(17,903)	12,597	(16,265)	(10,041)	(183)	(18,416)	(28,640)
Addition to non-current assets	4,325,384	5,948,154	269,975	1,558	21,658	10,566,729	35,346	-	10,602,075
Segment assets and liabilities									
Total assets	153,791,317	48,432,897	17,529,288	40,299,025	12,821,013	272,873,540	37,150,889	(28,450,614)	281,573,815
Including: interests in associates and joint ventures	7,521,296	11,493,490	914,596	-	128,659	20,058,041	3,806,111	-	23,864,152
Total liabilities	68,441,751	23,106,958	6,644,003	35,949,046	5,919,125	140,060,883	67,700,482	(49,853,148)	157,908,217

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. SEGMENTS INFORMATION (CONTINUED)

6.3 Geographical information

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

Analysis of revenue

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Domestic markets	98,184,287	61,024,723
Overseas markets	535,610	368,463
	<u>98,719,897</u>	<u>61,393,186</u>

Analysis of non-current assets

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
	Domestic markets	209,804,323
Overseas markets	850	386
	<u>209,805,173</u>	<u>210,169,194</u>

Note:

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

6.4 Major customers

No revenue from transaction with single external customer was amounted to 10% or more of the Group's revenue for the six months ended 30 June 2021 and 2020.

7. REVENUE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Goods and services	97,997,467	60,890,398
Rental income	162,549	135,304
Interest income	559,881	367,484
	<u>98,719,897</u>	<u>61,393,186</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. REVENUE (CONTINUED)

Disaggregation of revenue from contract with customers:

	Six months ended 30 June 2021 (Unaudited)				
	Coal	Coal-chemical	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods recognised					
Sales of coal	79,349,970	–	–	–	79,349,970
Sales of coal-chemical products	–	10,385,113	–	–	10,385,113
Sales of mining machinery	–	–	4,243,876	–	4,243,876
Sales of electric power	–	–	–	2,076,056	2,076,056
Sales of aluminium products	–	–	–	1,000,658	1,000,658
Others	87,563	16,383	115,848	22,300	242,094
	<u>79,437,533</u>	<u>10,401,496</u>	<u>4,359,724</u>	<u>3,099,014</u>	<u>97,297,767</u>
	Six months ended 30 June 2021 (Unaudited)				
	Coal	Coal-chemical	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision of services recognised					
Agent services	7,165	–	10,044	116,258	133,467
Railway services	1,407	–	–	38,090	39,497
Others	4,002	2,350	46,007	474,377	526,736
	<u>12,574</u>	<u>2,350</u>	<u>56,051</u>	<u>628,725</u>	<u>699,700</u>
Revenue from contracts with customers	<u>79,450,107</u>	<u>10,403,846</u>	<u>4,415,775</u>	<u>3,727,739</u>	<u>97,997,467</u>
Analysed by geographical markets					
Domestic markets	79,256,260	10,338,932	4,147,684	3,718,981	97,461,857
Overseas markets	193,847	64,914	268,091	8,758	535,610
	<u>79,450,107</u>	<u>10,403,846</u>	<u>4,415,775</u>	<u>3,727,739</u>	<u>97,997,467</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. REVENUE (CONTINUED)

Disaggregation of revenue from contract with customers: (continued)

	Six months ended 30 June 2020 (Unaudited)				
	Coal	Coal-chemical	Mining machinery	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods recognised					
Sales of coal	46,181,180	–	–	–	46,181,180
Sales of coal-chemical products	–	7,939,520	–	–	7,939,520
Sales of mining machinery	–	–	3,674,123	–	3,674,123
Sales of electric power	–	–	–	1,376,135	1,376,135
Sales of aluminium products	–	–	–	469,784	469,784
Others	60,979	22,683	227,054	18,442	329,158
	<u>46,242,159</u>	<u>7,962,203</u>	<u>3,901,177</u>	<u>1,864,361</u>	<u>59,969,900</u>
Provision of services recognised					
Agent services	10,502	–	1,978	262,321	274,801
Railway services	–	–	–	75,877	75,877
Others	16,131	7,120	27,125	519,444	569,820
	<u>26,633</u>	<u>7,120</u>	<u>29,103</u>	<u>857,642</u>	<u>920,498</u>
Revenue from contracts with customers	<u><u>46,268,792</u></u>	<u><u>7,969,323</u></u>	<u><u>3,930,280</u></u>	<u><u>2,722,003</u></u>	<u><u>60,890,398</u></u>
Analysed by geographical markets					
Domestic markets	46,145,551	7,748,113	3,909,292	2,718,979	60,521,935
Overseas markets	123,241	221,210	20,988	3,024	368,463
	<u><u>46,268,792</u></u>	<u><u>7,969,323</u></u>	<u><u>3,930,280</u></u>	<u><u>2,722,003</u></u>	<u><u>60,890,398</u></u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. REVENUE (CONTINUED)

Disaggregation of revenue from contract with customers: (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30 June 2021 (Unaudited)			
	Segment revenue <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Less: rental and interest income <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Coal	83,318,501	(3,728,192)	(140,202)	79,450,107
Coal-chemical products	10,594,259	(184,495)	(5,918)	10,403,846
Mining machinery	4,955,846	(525,344)	(14,727)	4,415,775
Finance	745,276	(185,395)	(559,881)	–
Others	4,284,105	(554,664)	(1,702)	3,727,739
Total	103,897,987	(5,178,090)	(722,430)	97,997,467

	Six months ended 30 June 2020 (Unaudited)			
	Segment revenue <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Less: rental and interest income <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Coal	48,244,478	(1,869,837)	(105,849)	46,268,792
Coal-chemical products	8,094,764	(124,634)	(807)	7,969,323
Mining machinery	4,561,222	(603,932)	(27,010)	3,930,280
Finance	575,436	(207,952)	(367,484)	–
Others	3,255,861	(532,220)	(1,638)	2,722,003
Total	64,731,761	(3,338,575)	(502,788)	60,890,398

8. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Government grants	79,387	85,621
Losses on disposal of property, plant and equipment, net	(21,430)	(2,883)
Others	(62)	(15,510)
	57,895	67,228

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Impairment losses under expected credit loss model, net of reversal, on:		
– Trade receivables	(17,129)	(17,131)
– Other receivables	(5,225)	15,734
– Contract assets	1,021	(5,730)
– Loans to fellow subsidiaries	(2,241)	(17,623)
– Debt instruments at FVTOCI	1,588	9,333
– Other	45	–
	<u>(21,941)</u>	<u>(15,417)</u>

10. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation	4,881,221	4,582,450
Amortisation	471,263	384,994
Materials used and goods traded	60,590,770	32,275,932
Transportation costs and port expenses	5,363,496	5,668,138
Sales tax and surcharges	2,507,343	1,700,821
Auditors' remuneration	11,292	13,782
Repairs and maintenance	1,151,442	903,234
Lease expenses under recognition exemption (<i>Note</i>)	39,688	45,524
Employee benefits expenses (including directors' emoluments)	4,265,400	3,319,135
Provision for impairment of inventories	(4,261)	13,223
Other expenses	4,960,132	4,659,608
	<u>84,237,786</u>	<u>53,566,841</u>
Total cost of sales, selling expenses and general and administrative expenses		

Note:

The lease rentals mainly consist of expenses related to short-term leases which the Group has been applied the recognition exemption under IFRS 16 "Leases".

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

11. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income on bank deposits	38,802	44,361
– Interest income on loans receivables	15,026	45,043
	<u>53,828</u>	<u>89,404</u>
Total finance income	<u>53,828</u>	<u>89,404</u>
Interest expense:		
– Borrowings	1,467,289	1,563,495
– Bonds payable	646,139	902,129
– Unwinding of discount	151,016	121,245
– Lease liabilities	13,381	13,304
Other incidental bank charges	248	2,613
Net foreign exchange gains	(10,605)	(5,035)
	<u>2,267,468</u>	<u>2,597,751</u>
Less: amounts capitalised on qualifying assets (<i>Note</i>)	<u>(217,495)</u>	<u>(130,472)</u>
	<u>2,049,973</u>	<u>2,467,279</u>
Total finance costs	<u>2,049,973</u>	<u>2,467,279</u>
Finance costs, net	<u>1,996,145</u>	<u>2,377,875</u>

Note:

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Capitalisation rates used to determine the amount of finance costs eligible for capitalisation	<u>1.20%-4.89%</u>	<u>1.20%-4.80%</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax (<i>Note</i>)	2,989,008	1,592,383
Deferred income tax (<i>Note 29</i>)	(53,142)	(283)
	<u>2,935,866</u>	<u>1,592,100</u>

Note:

The provision for the PRC enterprise income tax is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in both periods is 25% of the assessable 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% based on the relevant PRC tax laws and regulations.

13. DIVIDENDS

During the current interim period, a final dividend of RMB0.134 per share in respect of the year ended 31 December 2020 (six month ended 30 June 2020 (Unaudited): RMB0.127 per share in respect of the year ended 31 December 2019), comprising 13,258,663,400 shares existed as at 31 December 2020 was approved at the annual general meeting of the Company held on 11 May 2021. The aggregate amount of the final dividend approved in the current interim period amounted to RMB1,776,661,000(2019 final dividend approved during the six months ended 30 June 2020(Unaudited): RMB1,683,946,000).

The directors of the Company do not recommend the payment of an interim dividend for the current interim period (six months ended 30 June 2020 (Unaudited): Nil).

14. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2021 and 2020 is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,400 ordinary shares in issue during both periods.

As the Company had no potential ordinary shares in issue for the six months ended 30 June 2021 and 2020, diluted earnings per share are presented equals to basic earnings per share.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15. PROPERTY, PLANT AND EQUIPMENT

	30 June 2021 <i>RMB'000</i> (Unaudited)	30 June 2020 <i>RMB'000</i> (Unaudited)
Opening net book amount	133,678,512	129,997,971
Acquisition of a subsidiary (<i>Note 36</i>)	–	1,799,833
Additions	2,988,508	3,992,085
Transfer to land use rights and intangible assets	(206,144)	(3,057)
Disposals	(91,760)	(12,985)
Depreciation charges	(4,846,240)	(4,590,148)
	<u>131,522,876</u>	<u>131,183,699</u>
Closing net book amount	<u>131,522,876</u>	<u>131,183,699</u>

Note:

Borrowings are secured by certain property, plant and equipment with an aggregate net book amount of RMB1,010,362,000 (31 December 2020 (Audited): RMB1,179,583,000).

16. MINING RIGHTS

	30 June 2021 <i>RMB'000</i> (Unaudited)	30 June 2020 <i>RMB'000</i> (Unaudited)
Opening net book amount	41,876,581	38,880,087
Additions	364,075	304,994
Acquisition of a subsidiary (<i>Note 36</i>)	–	3,187,045
Reclassification	–	49,742
Amortisation charges	(276,947)	(235,510)
	<u>41,963,709</u>	<u>42,186,358</u>
Closing net book amount	<u>41,963,709</u>	<u>42,186,358</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. INTANGIBLE ASSETS

	30 June 2021 <i>RMB'000</i> (Unaudited)	30 June 2020 <i>RMB'000</i> (Unaudited)
Opening net book amount	1,596,331	1,627,730
Additions	10,230	10,901
Transferred from property, plant and equipment	1,586	3,057
Disposal	(4,237)	–
Impairment provision	–	(2,992)
Reclassification	–	(49,020)
Amortisation charges	(68,531)	(66,287)
	<u>1,535,379</u>	<u>1,523,389</u>
Closing net book amount	<u>1,535,379</u>	<u>1,523,389</u>

18. LAND USE RIGHTS

	30 June 2021 <i>RMB'000</i> (Unaudited)	30 June 2020 <i>RMB'000</i> (Unaudited)
Opening net book amount	6,189,530	6,154,374
Additions	21,597	24,235
Acquisition of a subsidiary (<i>Note 36</i>)	–	10,915
Transferred from property, plant and equipment	204,558	–
Reclassification	–	(722)
Amortisation charges	(77,917)	(66,166)
	<u>6,337,768</u>	<u>6,122,636</u>
Closing net book amount	<u>6,337,768</u>	<u>6,122,636</u>

Note:

Bank borrowings are secured by certain land use rights for an aggregate net book amount of RMB66,650,000 (31 December 2020 (Audited): RMB67,508,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. OTHER NON-CURRENT ASSETS

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Loans to the Parent Company and fellow subsidiaries (<i>Note (a)</i>)	3,113,261	4,322,673
Prepayments for mining rights (<i>Note (b)</i>)	1,015,000	1,015,000
Prepayments for long-term investments (<i>Note (c)</i>)	448,300	448,300
Prepayments for land use rights (<i>Note (b)</i>)	415,067	415,067
Deductible value added tax	174,643	170,797
Prepayments for constructions in progress and equipment	19,726	41,363
Entrusted loans (<i>Note (d)</i>)	4,435	4,435
Others	367,549	402,021
Total	<u>5,557,981</u>	<u>6,819,656</u>

Notes:

- (a) The loans to the parent company and fellow subsidiaries are unsecured and repayable after 12 months from the end of reporting period with interest rates ranging from 4.04 % to 5.22 % (31 December 2020 (Audited): ranging from 4.04 % to 5.93 %) per annum.
- Included in the carrying amount of the loans to the parent company and fellow subsidiaries as at 30 June 2021 is allowance for credit losses of RMB57,704,618 (31 December 2020 (Audited): RMB75,198,000).
- (b) As the relevant legal procedures related to mining rights licenses and land use rights are still in process, such payments are recorded as other non-current assets. These prepayments will be transferred to mining rights and land use rights respectively upon completion of related legal procedures.
- (c) In line with the Group's strategy of expanding its coal resources, the Group has entered into a series of agreements for the acquisition and restructuring of several local coal mines. As the relevant legal procedures are still in process, such payments are recorded as other non-current assets.
- (d) As at 30 June 2021, the entrusted loans are bank loans entrusted by the Company to Zhongtian Synergetic in 2020, which are repayable in full in 2025 bearing interest at 4.75% per annum.

20. INVENTORIES

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Coal	1,014,403	598,743
Machinery for sale	3,092,395	3,046,362
Coal-chemical products	344,653	468,293
Auxiliary materials, spare parts and tools	2,904,740	2,936,846
Total	<u>7,356,191</u>	<u>7,050,244</u>

Note:

The provisions for impairment of inventories of the Group amounted to RMB316,893,000 as at 30 June 2021 (31 December 2020 (Audited): RMB321,154,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables (<i>Notes (a), (b), (c) and (d)</i>)	<u>8,243,677</u>	<u>7,241,095</u>
Debt instruments at FVTOCI (<i>Notes (e) and (f)</i>)	<u>4,283,028</u>	<u>3,520,723</u>

Notes:

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

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Within 6 months	5,611,315	5,161,581
6 months – 1 year	1,243,274	941,791
1 – 2 years	797,193	781,602
2 – 3 years	379,733	285,702
Over 3 years	<u>788,315</u>	<u>629,443</u>
Trade receivables, gross	8,819,830	7,800,119
Less: Allowance for credit losses	<u>(576,153)</u>	<u>(559,024)</u>
Trade receivables, net	<u>8,243,677</u>	<u>7,241,095</u>

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

The Group does not hold any collateral as security.

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

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

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
RMB	8,234,100	7,239,922
US Dollar (“USD”)	<u>9,577</u>	<u>1,173</u>
	<u>8,243,677</u>	<u>7,241,095</u>

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For the six months ended 30 June 2021

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

Notes: (continued)

- (c) The carrying amounts of trade receivables approximate to their fair values.
- (d) As at 30 June 2021, trade receivables with amount of RMB62,304,000 (31 December 2020 (Audited): Nil) were pledged to banks for short-term borrowings amounting to RMB20,000,000 (31 December 2020 (Audited): Nil).
- (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 2020 (Audited): less than one year).

As at 30 June 2021, debt instruments at FVTOCI of RMB270,899,000 (31 December 2020 (Audited): RMB336,061,000) were pledged to banks for issuing notes payables amounting to RMB265,419,000 (31 December 2020 (Audited): RMB325,358,000).

- (f) Transfers of financial assets

As at 30 June 2021, debt instruments at FVTOCI of RMB618,733,000 (31 December 2020 (Audited): RMB674,658,000) were endorsed to suppliers of the Group, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivables.

As at 30 June 2021, the Group endorsed and discounted notes receivables of RMB4,219,790,000 (31 December 2020 (Audited): RMB3,362,382,000) to suppliers and banks and such notes receivables 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 payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership relating to these notes receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated accounts payables. The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivables equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivables are not significant.

22. CONTRACT ASSETS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Coal mining machinery – current	<u>1,830,260</u>	<u>1,482,759</u>

The provision for impairment of contract assets of the Group amounted to RMB9,892,000 as at 30 June 2021 (31 December 2020 (Audited): RMB10,913,000).

The contract assets primarily relate to the Group's right to consideration for coal mining machinery delivered but not billed because the rights are conditional mainly on obtaining the customers' testing certificate as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables in 12 months.

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23. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Advances to suppliers	1,883,458	1,713,546
Other prepayments	5,726	89,870
Interest receivable	574,772	371,809
Dividends receivable	968,148	1,073,090
Loans to the Parent Company and fellow subsidiaries (<i>Note (a)</i>)	2,423,500	1,055,622
Value added tax related to contract assets	235,745	190,425
Deductible value added tax and others	741,249	920,956
Other amounts due from related parties, gross (<i>Note (b)</i>)	839,240	767,969
Other amounts due from third parties, gross	1,698,629	1,320,296
	<u>9,370,467</u>	<u>7,503,583</u>
Less: Allowance for credit losses	(560,720)	(522,536)
Prepayments and other receivables, net	<u><u>8,809,747</u></u>	<u><u>6,981,047</u></u>

Notes:

- (a) Loans to the Parent Company and fellow subsidiaries are unsecured and repayable within 12 months from the end of reporting period bearing interest at rates ranging from 3.30 % to 5.94% (31 December 2020 (Audited): ranging from 3.30 % to 5.94 %) per annum.
- (b) Other amounts due from related parties are unsecured, interest-free and repayable on demand.

24. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include the deposits set aside for the environmental restoration fund and the transformation fund as required by the regulations, the deposits set aside for land rehabilitation, letter of credit deposits, bank acceptance bill deposits, letter of guarantee deposits and mandatory reserve deposits of China Coal Finance Company Limited (“China Coal Finance”), a subsidiary of the Company.

25. TRADE AND NOTES PAYABLES

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Trade payables (<i>Note</i>)	22,938,903	20,620,266
Notes payables	2,348,171	4,522,036
	<u><u>25,287,074</u></u>	<u><u>25,142,302</u></u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. TRADE AND NOTES PAYABLES (CONTINUED)

Note:

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Less than 1 year	19,141,327	16,704,426
1 – 2 years	1,883,309	1,971,010
2 – 3 years	420,359	554,814
Over 3 years	1,493,908	1,390,016
	<u>22,938,903</u>	<u>20,620,266</u>

26. ACCRUALS, ADVANCES AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Payables for acquisition of subsidiaries	710,681	743,397
Payables for compensation for local mining companies	44,968	45,038
Dividends payable	455,906	820,758
Payables for site restoration	115,604	140,514
Mineral and water resource compensation payable	100,333	100,679
Salaries and staff welfare payable	1,678,448	1,729,311
Interest payable	629,632	827,805
Commission payable (Note 28)	20,512	41,533
Payables for mining rights	353,571	501,664
Payables for the mining rights transfer	176,206	145,956
Payable for mine capacity replacement quota	–	149,000
Advance from a non-controlling interest of a subsidiary	86,752	85,307
Contractor's deposits	217,735	233,895
Deposits from the Parent		
Company and fellow subsidiaries (Note (a))	12,873,550	7,852,633
Other amounts due to related parties (Note (b))	172,244	182,056
Other amounts due to third parties	1,810,623	1,667,763
Other taxes payable	1,943,928	1,372,287
	<u>21,390,693</u>	<u>16,639,596</u>

Notes:

- (a) The balance represents the deposits from the Parent Company and fellow subsidiaries in the savings accounts at China Coal Finance. The deposits are unsecured and payable on demand or due within 12 month from the end of the reporting period, bearing interest at rates ranging from 0.35% to 3.15% (31 December 2020 (Audited): ranging from 0.35 % to 3.15 %) per annum.
- (b) Other amounts due to related parties are unsecured, interest-free and payable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

27. BORROWINGS

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	40,000	20,000
– Guaranteed	143,000	140,000
– Unsecured	<u>653,547</u>	<u>1,248,547</u>
	<u>836,547</u>	<u>1,408,547</u>
Loans from non-controlling interests		
– Unsecured	<u>235,000</u>	<u>260,000</u>
	<u>1,071,547</u>	<u>1,668,547</u>
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured	870,408	1,058,426
– Guaranteed	293,650	393,650
– Unsecured	<u>69,866,282</u>	<u>64,940,030</u>
	<u>71,030,340</u>	<u>66,392,106</u>
Loans from non-controlling interests		
– Unsecured	<u>166,857</u>	<u>176,858</u>
Loans from the Parent Company		
– Unsecured	<u>419,985</u>	<u>419,985</u>
	<u>71,617,182</u>	<u>66,988,949</u>
Less: amount due within one year under current liabilities	<u>(8,484,113)</u>	<u>(15,472,354)</u>
Non-current portion	<u>63,133,069</u>	<u>51,516,595</u>
Total short-term and long-term borrowings	<u>72,688,729</u>	<u>68,657,496</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

28. LONG-TERM BONDS

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Bonds payable:	27,184,766	26,987,656
– medium-term notes	19,915,544	16,920,164
– corporate bonds	7,269,222	10,067,492
Commission payable	47,000	58,000
	<u>27,231,766</u>	<u>27,045,656</u>
Less: current portion of bonds payable	(12,975,254)	(5,797,259)
current portion of commission payable (<i>Note 26</i>)	(13,333)	(34,333)
	<u>14,243,179</u>	<u>21,214,064</u>

The bonds/notes are initially recognised at the amount of the total proceeds net of the commission paid or payable on the date of issuance. The accrued interest and the current portion of commission payable are recorded in accruals, advances and other payables.

29. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they related to income taxes levied to the same taxable entity by the same taxation authority.

The movements in deferred income tax assets and liabilities during the period, without taking into account the offsetting of balances within the same tax jurisdiction, are as follows:

For the six months ended 30 June 2021 (Unaudited)

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
Opening balance (Audited)	3,019,089	(6,524,125)	(3,505,036)
(Charged) credited to profit or loss	(2,478)	55,620	53,142
Credited (charged) to other comprehensive income	2,034	(338)	1,696
	<u>3,018,645</u>	<u>(6,468,843)</u>	
Closing balance (Unaudited)	3,018,645	(6,468,843)	
Offset amount	(726,611)	726,611	
	<u>2,292,034</u>	<u>(5,742,232)</u>	

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

29. DEFERRED INCOME TAX (CONTINUED)

For the six months ended 30 June 2020 (Unaudited)

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
Opening balance (Audited)	3,416,519	(6,507,596)	(3,091,077)
(Charged) credited to profit or loss	(49,748)	50,031	283
(Charged) credited to other comprehensive income	(6,431)	403	(6,028)
	<u>3,360,340</u>	<u>(6,457,162)</u>	
Closing balance (Unaudited)	3,360,340	(6,457,162)	
Offset amount	(531,927)	531,927	
	<u><u>2,828,413</u></u>	<u><u>(5,925,235)</u></u>	

30. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	30 June 2021 <i>RMB'000</i> (Unaudited)	30 June 2020 <i>RMB'000</i> (Unaudited)
Opening balance	3,268,945	3,316,790
Interest charge on unwinding of discounts	56,491	43,891
Provisions (<i>Note</i>)	352,886	3,432
Payments	(78,801)	(26,566)
	<u>3,599,521</u>	<u>3,337,547</u>
Closing balance	3,599,521	3,337,547
Less: current portion	(69,503)	(70,910)
	<u><u>3,530,018</u></u>	<u><u>3,266,637</u></u>

Note:

The Group re-estimated the mine geological restoration and environmental cost mainly according to the updated Implementing Rules of Mine Geological Environment Protection and Land Reclamation Scheme released by certain provinces in the PRC during the current year.

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31. SHARE CAPITAL

	Number of shares <i>(thousands)</i>	Share capital <i>RMB'000</i>
At 1 January 2020, 31 December 2020 and 30 June 2021		
Domestic shares (“A shares”) of RMB1.00 each		
– held by China Coal Group	7,605,208	7,605,208
– held by other shareholders	1,546,792	1,546,792
H shares of RMB1.00 each		
– held by a wholly-owned subsidiary of China Coal Group	132,351	132,351
– held by other shareholders	3,974,312	3,974,312
	<u>13,258,663</u>	<u>13,258,663</u>

There is no movement in the Company’s issued share capital during the six months ended 30 June 2021 and 2020.

The A shares rank pari passu, in all material respects, with the H shares.

As at 30 June 2021 and 31 December 2020, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H Shares of the Company, representing approximately 1.00% of the Company’s total share capital.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

32. CASH GENERATED

Reconciliation of profit before income tax to cash generated from operations

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit before income tax	14,376,414	5,766,029
Adjustments for:		
Depreciation charges	4,881,221	4,582,450
Amortizations charges	471,263	384,994
Impairment losses under expected credit loss model, net of reversal	21,941	15,417
Provision for impairment of inventories	(4,261)	13,223
Losses on disposal of property, plant and equipment, net	21,430	2,883
Share of profits of associates and joint ventures	(1,852,894)	(264,148)
Net foreign exchange gains	(10,605)	(5,035)
Dividend income	(1,600)	(1,600)
Interest income on term deposits with initial terms of over three months and loans receivables	(39,937)	(80,127)
Interest expense	2,060,330	2,469,701
Operating cash flows before movements in working capital	<u>19,923,302</u>	<u>12,883,787</u>
Changes in working capital:		
(Increase) decrease in inventories	(440,520)	723,051
(Increase) decrease in trade receivables and debt instruments at FVTOCI	(2,461,886)	533,712
Increase in contract assets	(346,480)	(295,117)
Increase in prepayments and other receivables	(743,126)	(558,504)
Increase in trade and notes payables	1,183,759	1,066,488
Increase (Decrease) in accruals, advance and other payables	6,364,970	(2,379,117)
Increase in restricted bank deposits	(832,215)	(308,982)
Decrease in contract liabilities	(327,172)	(927,486)
Cash generated from operations	<u><u>22,320,632</u></u>	<u><u>10,737,832</u></u>

Notes to the Condensed Consolidated Financial Statements

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33. CONTINGENT LIABILITIES

The Group is a defendant in a number of lawsuits including those related to mining rights, which are arising in the ordinary course of business. While the outcome of such lawsuits cannot be determined at present, the management believes that any resulting liabilities will not have a material adverse effect on the Group's financial position as at 30 June 2021 or operating results for the period ended 30 June 2021.

34. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at end of the reporting period but not yet incurred is as follows:

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment	5,700,104	5,561,655
Mining rights	235,000	235,000
	<u>5,935,104</u>	<u>5,796,655</u>

(b) Investment commitments

According to the agreement entered into on 15 July 2006, Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic") was established by the Company, China Petroleum & Chemical Corporation and other three companies. As a 38.75% shareholder, by 30 June 2021 the Company has invested RMB6,787 million in Zhongtian Synergetic and is committed to further invest RMB481 million by instalments in the future.

According to the agreement entered into in October 2014, Shanxi Jingshen Railway Company Limited ("Jingshen Railway") was established by the subsidiary of the Company, China Coal Shaanxi Yulin Energy & Chemical ("Shaanxi Yulin"), Shaanxi Coal and Chemical Industry Group Co., Ltd., Shaanxi Yulin Coal Distribution Co., Ltd. and other six companies. As a 4% shareholder, by 30 June 2021 Shaanxi Yulin has invested RMB215 million in Jingshen Railway and is committed to further invest RMB33 million in the future.

According to the agreement entered into in June 2021, China Coal Pingshuo Group Co., Ltd ("Pingshuo Group"), a subsidiary of the Company, invested RMB1,000 million as a limited partner to subscribe for the fund shares of Shuozhou Huashuo Jinshi Energy Industry Transformation Master Fund Partnership (limited partnership) ("Partnership"). As a limited partner, by 30 June 2021 Pingshuo Group has invested RMB200 million in Partnership and is committed to invest all subscribed capital during the investment period of the Partnership.

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For the six months ended 30 June 2021

35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

35.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk) credit risk and liquidity risk. The Group historically has no fixed policy to use derivatives for hedging purposes. The majority of the financial instruments held by the Group are for purposes other than trading.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management since year end.

35.2 Fair value estimation

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Fair value estimation (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at		Fair value Hierarchy	Valuation technique(s) and key input(s)
	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)		
1) Listed equity instruments at FVTOCI	25,278	19,707	Level 1	Quoted bid prices in an active market.
2) Debt instruments at FVTOCI	4,283,028	3,520,723	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period.
3) Unlisted equity instruments at FVTOCI	2,262,033	2,257,031	Level 3	Income or Market approach, where more appropriate. Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. Market approach – valuations are derived by reference to observable valuation measures for comparable companies, and adjusted for the differences between the investments and the referenced comparables.

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35. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Fair value estimation (continued)

Reconciliation of Level 3 fair value measurements of financial assets

Unlisted equity instruments at FVTOCI

	30 June 2021 RMB'000 (Unaudited)	30 June 2020 RMB'000 (Unaudited)
Opening balance	2,257,031	2,304,025
Fair value change recognised in other comprehensive income(expense)	<u>5,002</u>	<u>(12,686)</u>
Closing balance	<u><u>2,262,033</u></u>	<u><u>2,291,339</u></u>

Included in other comprehensive income is gain of RMB5,002,000 (six months ended 30 June 2020 (Unaudited): is loss of RMB12,686,000) relating to unlisted equity securities designated as at FVTOCI held at the end of the current reporting period and is reported as changes of “other reserves”.

35.3 Fair value of financial assets and financial liabilities measured at amortised cost

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair value.

	As at 30 June 2021		As at 31 December 2020	
	Carrying amount RMB'000 (Unaudited)	Fair value RMB'000 (Unaudited)	Carrying amount RMB'000 (Audited)	Fair value RMB'000 (Audited)
Long-term borrowings (Level 2)	63,133,069	63,299,060	51,516,595	51,665,773
Long-term bonds (including amounts due within one year) (Level 1)	<u>27,218,433</u>	<u>28,022,538</u>	<u>27,011,323</u>	<u>27,858,680</u>

The fair value of long-term borrowings was determined based on discounted cash flows and the key input is the discount rate that reflects the credit risk of the issuers. The fair value of long-term bonds was based on quoted market price.

36. ACQUISITION OF A SUBSIDIARY

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

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions and balances with the PRC government-related entities

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government (“government-related entities”).

Set out below is a summary of significant related party transactions for the years ended 30 June 2021 and 2020.

(a) *Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries*

In addition to those disclosed elsewhere in the condensed consolidated financial statements, the following transactions were carried out with related parties:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions with the Parent Company and fellow subsidiaries:		
Integrated Materials and Services Mutual Provision (Note (i))		
Purchase of production material, machinery and equipment from the Parent Company and fellow subsidiaries	1,748,205	1,379,252
Charges for social and support services provided by the Parent Company and fellow subsidiaries	20,188	35,220
Sales of coal, production material, machinery and equipment to the Parent Company and fellow subsidiaries	1,297,069	470,475
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	1,487	1,360
Mine Construction, Design and General Contracting Service (Note (ii))		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	1,237,056	663,470
Property Leasing (Notes (iii) and Notes (iv))		
Property leasing expenses to the Parent Company and fellow subsidiaries	27,887	18,582
Coal Supplies (Note (v))		
Coal purchased from the Parent Company and fellow subsidiaries	1,694,568	1,555,130

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Financial services (Note (vi))		
Loans granted to the Parent Company and fellow subsidiaries	899,500	1,965,000
Loans repayment received from the Parent Company and fellow subsidiaries	771,906	1,026,911
Deposits paid to the Parent Company and fellow subsidiaries	–	3,179,792
Deposits received from the Parent Company and fellow subsidiaries	5,141,770	–
Interest paid or payable to the Parent Company and fellow subsidiaries	56,836	33,470
Interest received or receivable from the Parent Company and fellow subsidiaries	136,441	112,639
Agency income from entrusted loans	790	664
Fee paid for use of trademark (Note (vii))	RMB1	RMB1
Sales of assets	65,725	–
Transactions with joint ventures of the Group:		
Sales and services provided		
Income from renting property, plant and equipment	–	91
Transactions with associates of the Group:		
Sales and services provided		
Sales of machinery and equipment	172,528	129,232
Railway rental income	90,961	60,005
Sales of coal	1,322,638	938,585
Income from providing labor services	14,682	33,068
Sales of production material and ancillary services	114,989	90,294
Agency income	–	115

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Purchase of goods and services		
Purchases of coal	1,930,581	700,160
Purchases of materials and spare parts	937,366	521,472
Transportation services and port purchased	862,155	938,497
Receiving railway custody service	221,782	216,391
Receiving construction and technical services	38,059	27,428
Financial services		
Loans repayment received	–	975,000
Interest income	15,026	26,410
Transactions with a substantial shareholder of a significant subsidiary:		
Sales and services provided (Note (viii))		
Sales of coal	991,064	264,218
Commitments to the Parent Company and fellow subsidiaries		
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
With the Parent Company and fellow subsidiaries		
– Purchases of services	4,930,070	5,118,166
– Purchases of goods	27,662	178,717
Total	<u>4,957,732</u>	<u>5,296,883</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)

Loan guarantees to associates and joint ventures of the Group

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Loan guarantees to		
– Associates	8,780,110	10,579,519
– A joint venture	<u>158,750</u>	<u>190,000</u>
Total	<u><u>8,938,860</u></u>	<u><u>10,769,519</u></u>

Notes:

- (i) The Company and China Coal Group entered into an Integrated Materials and Services Mutual Provision Framework Agreement on 5 September 2006, under which the Company provides to China Coal Group and China Coal Group provides to the Company production material supplies and ancillary services, and the Company also provides to China Coal Group export-related services. The agreement was renewed to extend the term to 31 December 2023.
- (ii) The Company and China Coal Group entered into a Mine Construction and Design Framework Agreement on 5 September 2006, followed with contract renewal under the name of Mine Construction, Mine Design and General Contracting Service Framework Agreement upon its expiry date of 31 December 2008. Subsequently, the Company and China Coal Group extended this contract and changed its name to Project Design, Construction and General Contracting Framework Agreement when the contract was due on 31 December 2011. The deal mainly included:
- China Coal Group provides the Company with engineering design, construction and general contracting;
 - China Coal Group undertakes projects which the Company subcontracts; and
 - For engineering design, construction and general contracting, services providers and pricing would be determined in the form of public bidding.
- The agreement was renewed to extend the term to 31 December 2023.
- (iii) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases from China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three years based on market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective until December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017, RMB120,000,000 for 2018 to 2020, and RMB280,000,000 for 2021 to 2023.
- (iv) The rental fees are arising from lease payments subject to recognition exemption which are recognized in profit or loss.
- (v) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 5 September 2006, pursuant to which China Coal Group will sell all coal products produced from its retained mines exclusively to the Company, and has undertaken not to sell any such coal products to any third party. The agreement was renewed to extend the term to 31 December 2023.
- (vi) China Coal Finance Co., Ltd. and China Coal Group entered into a Financial Services Framework Agreement on 23 October 2014, under which China Coal Finance Co., Ltd. provides financial services to China Coal Group within its business scope. This agreement was renewed to extend the term to 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with the PRC government-related entities (continued)

(a) *Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group and primary shareholders with significant influence over subsidiaries (continued)*

Notes: (continued)

(vii) The Company and China Coal Group entered into a Trademark License Framework Agreement on 5 September 2006, under which the Company is authorised to use partial registered trademarks of China Coal Group at the cost of RMB1. This agreement was effective for 10 years, and was renewed on 23 August 2016 to extend the term to 22 August 2026.

(viii) The Company and Shanxi Coking Coal Group Co., Limited (“Shanxi Coking Coal Group”) entered into a Coal and Coal Related Products and Services Supply Agreement on 23 October 2014, under which the Group purchases the coal and coal related products and accepts services from Shanxi Coking Coal and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal related products and accepts services from the Group. The agreement was renewed to extend the term to 31 December 2023.

Pursuant to the Coal and Coal Related Products and Services Supply Agreement, the prices will be based on the following pricing policy and order:

- as for the infrastructural project and procurement of coal mining facilities, the price shall be arrived at by bidding process; and
- as for the supply of coal, the price shall be in accordance with the relevant market price.

(b) *Transactions with other government-related entities in the PRC*

Apart from transactions with China Coal Group, fellow subsidiaries, associates and joint ventures, and primary shareholders with significant influence over subsidiaries, the Group has extensive transactions with other government-related entities.

During the years ended 31 December 2020 and 30 June 2021, majority of the following Group’s activities are conducted with other government-related entities:

- Sales of coal;
- Sales of machinery and equipment;
- Purchases of coal;
- Purchases of materials and spare parts;
- Purchases of transportation services; and
- Bank balances and borrowings.

In addition to the above, transactions with other government-related entities also include but are not limited to the following:

- Lease of assets; and
- Retirement benefit plans.

These transactions are conducted in accordance with the contracts the Group entered into based on market prices.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation

Key management includes directors (executive and non-executive), supervisors and other key management personnel.

The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Key management compensation		
Salary, allowances and other benefits		
– Directors and supervisors	1,261	1,229
– Other key management	993	1,049
	<u>2,254</u>	<u>2,278</u>
Pension costs – defined contribution plans		
– Directors and supervisors	119	60
– Other key management	187	139
	<u>306</u>	<u>199</u>

38. EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2021, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue medium-term note up to a maximum outstanding amount of RMB5,000,000,000. The registered amount is valid within 2 years from the date of the approval, and the medium-term notes can be issued in stages within the validity period of the registration.

Company Profile

Statutory Chinese Name of the Company	中國中煤能源股份有限公司
Abbreviated Statutory Chinese Name of the Company	中煤能源股份
Statutory English Name of the Company	China Coal Energy Company Limited
Abbreviated Statutory English Name of the Company	China Coal Energy
Legal Representative of the Company	Wang Shudong

INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

Name of Secretary to the Board	Yi Baohou
Contact Address of Secretary to the Board	Securities Affairs Department China Coal Energy Company Limited No. 1 Huangsidajie, Chaoyang District, Beijing, China
Contact Telephone Number of Secretary to the Board	(8610)-82236028
Fax Number of Secretary to the Board	(8610)-82256484
E-mail Address of Secretary to the Board	IRD@chinacoal.com

BASIC INFORMATION ABOUT THE COMPANY

Registered Address and Office Address of the Company	No. 1 Huangsidajie, Chaoyang District, Beijing, the PRC
Post Code	100120
Internet Website	http://www.chinacoalenergy.com
Email Address	IRD@chinacoal.com
Newspapers Designated for Information Disclosure	Shanghai Securities Journal, Securities Times
Internet Website Designated by CSRC for Publication of Periodical Reports	http://www.sse.com.cn
Internet Website Designated by The Stock Exchange of Hong Kong Limited for Publication of Periodical Reports	http://www.hkex.com.hk
Location for Inspection of Periodical Reports of the Company	Securities Affairs Department China Coal Energy Company Limited No. 1 Huangsidajie, Chaoyang District, Beijing, China

BRIEF INFORMATION ABOUT SHARES OF THE COMPANY

Type of shares	Stock of Exchange for listing of shares	Short name of stock	Stock Code	Short name of stock before change
A Shares	The Shanghai Stock Exchange	China Coal Energy	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	01898	
Authorised Representatives of the Company Company Secretary				Wang Shudong, Yi Baohou Yi Baohou

Company Profile

ACCOUNTING FIRMS OF THE COMPANY

Domestic accounting firm of the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office address of the domestic accounting firm of the Company	30/F, Bund Center, 222 Yan An Road East, Huangpu District, Shanghai, China
International accounting firm of the Company	Deloitte Touche Tohmatsu Registered Public Interest Entity Auditors
Office address of the international accounting firm of the Company	35/F, One Pacific Place, 88 Queensway, Hong Kong

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact Address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact Address	17/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong

SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

A Share Registrar	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Contact Address	36/F, China Insurance Building, 166 Lujiazui East Avenue, Pudong New District, Shanghai, China
H Share Registrar	Computershare Hong Kong Investor Services Limited
Contact Address	Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Definitions

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

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Directors	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisors	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司)
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Co., Ltd
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Co., Ltd.
The Tuke Project of Methanol Output of 1 Million Tonnes from Synthetic Gas	the project of annual methanol output of 1 million tonnes from synthetic gas of China Coal Ordos Energy Chemical Company Limited
Pingshuo Group	China Coal Pingshuo Group Company Limited
Finance Company	China Coal Finance Co., Ltd.
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
HKSE	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
RMB	RMB yuan



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