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CHINA COAL ENERGY COMPANY LIMITED*

中國中煤能源股份有限公司

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

(Stock Code: 01898)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS:

- In 2021, the Group's revenue amounted to RMB231.127 billion, representing an increase of RMB90.162 billion or 64.0% as compared with 2020.
- In 2021, the profit attributable to the equity holders of the Company amounted to RMB14.715 billion, representing an increase of RMB9.361 billion or 174.8% as compared with 2020.
- In 2021, the basic earnings per share of the Company was RMB1.11, representing an increase of RMB0.71 as compared with 2020.
- In 2021, EBITDA amounted to RMB38.866 billion, representing an increase of RMB13.786 billion or 55.0% as compared with 2020.
- The Board recommended the payment of final dividends of RMB0.301 per share (inclusive of tax) for the year 2021, which is subject to the approval by the Shareholders at the annual general meeting for the year of 2021.

The Board of China Coal Energy Company Limited is pleased to announce the audited annual results of the Group for the year ended 31 December 2021 prepared by the Group in accordance with the International Financial Reporting Standards ("IFRS") as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>NOTES</i>	Year ended 31 December 2021 <i>RMB'000</i>	Year ended 31 December 2020 <i>RMB'000</i> (Restated)
Revenue	6	231,127,302	140,964,681
Cost of sales			
Materials used and goods traded		(146,279,711)	(79,151,776)
Staff costs		(7,167,475)	(5,277,096)
Depreciation and amortisation		(10,278,082)	(9,537,436)
Repairs and maintenance		(2,707,029)	(2,415,733)
Transportation costs and port expenses		(10,679,067)	(11,877,058)
Sales taxes and surcharges		(5,843,425)	(3,650,715)
Others		(10,254,942)	(8,705,089)
		<u>(193,209,731)</u>	<u>(120,614,903)</u>
Gross profit		37,917,571	20,349,778
Selling expenses		(837,425)	(721,621)
General and administrative expenses		(5,649,293)	(4,725,568)
Other income		2,623	2,617
Other gains and losses, net		(3,361,879)	149,786
Impairment losses under expected credit loss model, net of reversal		(21,884)	(3,139)
Profit from operations		28,049,713	15,051,853
Finance income	7	114,599	154,165
Finance costs	7	(4,068,509)	(4,683,638)
Share of profits of associates and joint ventures		3,279,607	1,163,844
Profit before income tax		27,375,410	11,686,224
Income tax expense	8	(6,554,474)	(3,363,448)
Profit for the year		20,820,936	8,322,776

	<i>NOTE</i>	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000 (Restated)
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss</i>			
Share of other comprehensive income of associates, net of related income tax		–	308
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		90,568	(51,089)
		90,568	(50,781)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value changes on debt instruments at fair value through other comprehensive income, net of tax		(9,644)	29,324
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		(846)	(9,568)
Exchange differences arising on translation of foreign operations		(33,924)	8,665
		(44,414)	28,421
Other comprehensive expense for the year, net of tax		46,154	(22,360)
Total comprehensive income for the year		20,867,090	8,300,416
Profit for the year attributable to:			
Equity holders of the Company		14,714,915	5,353,650
Non-controlling interests		6,106,021	2,969,126
		20,820,936	8,322,776
Total comprehensive income for the year attributable to:			
Equity holders of the Company		14,765,516	5,324,285
Non-controlling interests		6,101,574	2,976,131
		20,867,090	8,300,416
Basic and diluted earnings per share for the profit attributable to equity holders of the Company (RMB)	<i>10</i>	1.11	0.40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 31 December 2021*

		As at 31 December	
	<i>NOTES</i>	2021	2020
		RMB'000	RMB'000 (Restated)
Non-current assets			
Property, plant and equipment		128,763,219	134,005,634
Right-of-use assets		406,752	376,688
Investment properties		84,413	88,768
Mining rights		43,070,151	42,771,898
Intangible assets		1,924,774	1,596,331
Land use rights		6,385,064	6,189,530
Goodwill		6,084	6,084
Interests in associates		22,638,811	20,653,583
Interests in joint ventures		4,048,413	3,210,569
Equity instruments at fair value through other comprehensive income		2,417,834	2,276,738
Deferred income tax assets		2,373,505	2,279,022
Long-term receivables		369,680	296,999
Other non-current assets		3,855,168	6,819,656
		<hr/>	<hr/>
Total non-current assets		216,343,868	220,571,500
Current assets			
Inventories		8,192,303	7,058,610
Trade receivables	<i>11</i>	7,545,912	7,222,201
Debt instruments at fair value through other comprehensive income	<i>11</i>	5,926,495	3,520,823
Contract assets		1,662,944	1,482,759
Prepayments and other receivables		8,732,859	6,981,721
Restricted bank deposits		6,150,730	4,596,040
Term deposits with initial terms of over three months		35,678,680	16,356,551
Cash and cash equivalents		31,095,231	15,041,758
		<hr/>	<hr/>
Total current assets		104,985,154	62,260,463
		<hr/>	<hr/>
TOTAL ASSETS		321,329,022	282,831,963
		<hr/> <hr/>	<hr/> <hr/>

		As at 31 December	
	<i>NOTES</i>	2021	2020
		RMB'000	RMB'000
			(Restated)
Current liabilities			
Trade and notes payables	<i>12</i>	27,198,784	25,197,387
Contract liabilities		5,176,923	3,605,863
Accruals, advances and other payables		29,829,409	16,700,760
Taxes payable		3,175,727	714,958
Lease liabilities		74,325	37,207
Short-term borrowings		581,547	1,668,547
Current portion of long-term borrowings		11,578,247	15,472,354
Current portion of long-term bonds		10,063,267	5,797,259
Current portion of provision for close down, restoration and environmental costs		66,874	71,607
		<u>87,745,103</u>	<u>69,265,942</u>
Total current liabilities			
Non-current liabilities			
Long-term borrowings		60,862,670	51,516,595
Long-term bonds		14,173,894	21,214,064
Deferred income tax liabilities		5,597,260	5,784,058
Lease liabilities		419,448	409,074
Provision		79,532	33,738
Provision for employee benefits		96,972	109,805
Provision for close down, restoration and environmental costs		3,583,885	3,197,338
Deferred revenue		2,341,650	1,472,858
Other long-term liabilities		4,264,637	5,021,082
		<u>91,419,948</u>	<u>88,758,612</u>
Total non-current liabilities			
Total liabilities			
		<u>179,165,051</u>	<u>158,024,554</u>
Equity			
Share capital		13,258,663	13,258,663
Reserves	<i>13</i>	49,195,789	48,134,941
Retained earnings	<i>13</i>	51,095,657	40,407,688
		<u>113,550,109</u>	<u>101,801,292</u>
Equity attributable to the equity holders of the Company			
Non-controlling interests		28,613,862	23,006,117
		<u>142,163,971</u>	<u>124,807,409</u>
Total equity			
TOTAL EQUITY AND LIABILITIES			
		<u>321,329,022</u>	<u>282,831,963</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

China Coal Energy Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring 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 consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Going Concern

The directors of the Group have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

3.1 2020 Acquisition

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

3.2 2021 Acquisition

On 26 October 2021, the Group acquired the 100% equity interest in Beijing Zhongzhuang Changrong Coal Mining Machinery Co., Ltd (“Beijing Changrong”) for a cash consideration of RMB4,320,000. On 30 November 2021, the Group acquired the 100% equity interest in Pingshuo Industrial Group Company Limited (“Pingshuo Industrial Company”) for a cash consideration of RMB1,408,863,000. The two acquisitions were referred to as the “2021 Acquisition”.

As the Group, Beijing Changrong and Pingshuo Industrial Company were under common control of China Coal Group before and after the 2021 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 consolidated financial statements of the Group have been prepared as if Beijing Changrong and Pingshuo Industrial Company were subsidiaries of the Company ever since they became under common control of China Coal Group.

Accordingly, the consolidated statement of financial position as at 31 December 2020 has been restated to include the assets and liabilities of Beijing Changrong and Pingshuo Industrial Company at carrying amounts in the books of China Coal Group. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2020 have been restated to include the results and cash flows of Beijing Changrong and Pingshuo Industrial Company as if Beijing Changrong and Pingshuo Industrial Company were subsidiaries of the Company throughout the year ended 31 December 2020. Respective notes to the consolidated financial statements have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

As a result of the 2021 Acquisition, the relevant line items in the consolidated statement of financial position as at 31 December 2020 have been restated. The following table shows the effect for each individual line item affected:

	The Group (as previously reported) <i>RMB'000</i>	Effect of the 2021 Acquisition <i>RMB'000</i>	Elimination <i>RMB'000</i>	The Group <i>RMB'000</i> (Restated)
Consolidated statement of financial position at 31 December 2020:				
Non-current assets				
Property, plant and equipment	133,678,512	327,122	–	134,005,634
Mining rights	41,876,581	895,317	–	42,771,898
Current assets				
Inventories	7,050,244	8,366	–	7,058,610
Trade receivables	7,241,095	282	(19,176)	7,222,201
Debt instruments at fair value through other comprehensive income	3,520,723	100	–	3,520,823
Prepayments and other receivables	6,981,047	674	–	6,981,721
Restricted bank deposits	4,551,140	44,900	–	4,596,040
Cash and cash equivalents	15,041,195	563	–	15,041,758
Current liabilities				
Trade and notes payables	25,142,302	74,261	(19,176)	25,197,387
Contract liabilities	3,605,775	88	–	3,605,863
Accruals, advances and other payables	16,639,596	61,164	–	16,700,760
Equity				
Share capital	13,258,663	1,217,020	(1,217,020)	13,258,663
Reserves	46,917,259	1,234	1,216,448	48,134,941
Retained earnings	40,483,559	(76,443)	572	40,407,688

As a result of the 2021 Acquisition, the relevant line items in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2020, have been restated. The following table shows the effect for each individual line item affected:

	The Group (as previously reported) <i>RMB'000</i>	Effect of the 2021 Acquisition <i>RMB'000</i>	Elimination <i>RMB'000</i>	The Group <i>RMB'000</i> (Restated)
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020:				
Revenue	140,961,304	108,382	(105,005)	140,964,681
Cost of sales	(120,496,174)	(100,989)	(17,740)	(120,614,903)
Selling expenses	(843,421)	(945)	122,745	(721,621)
General and administrative expenses	(4,722,337)	(3,231)	–	(4,725,568)
Other gains and losses, net	150,095	(309)	–	149,786
Impairment losses under expected credit loss model, net of reversal	(3,152)	13	–	(3,139)
Finance income	154,158	7	–	154,165
Finance costs	(4,683,634)	(4)	–	(4,683,638)
Profit for the year attributable to:				
Equity holders of the Company	5,350,726	2,924	–	5,353,650
Total comprehensive income for the year attributable to:				
Equity holders of the Company	5,321,361	2,924	–	5,324,285
Consolidated statement of cash flows for the year ended 31 December 2020:				
Net cash generated from (used in):				
Operating activities	22,631,996	371	–	22,632,367
Investing activities	(14,243,109)	(951)	–	(14,244,060)
Financing activities	(5,474,956)	–	–	(5,474,956)

4. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS STANDARDS”)

Amendments to IFRS Standards that are mandatorily effective for the current year

In the current year, 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 periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

New and amendments to IFRS Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	<i>Insurance Contracts and the related Amendments</i> ³
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ³
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ³
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ³
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> ²
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ²
Amendments to IFRS Standards	<i>Annual Improvements to IFRS Standards 2018 – 2020</i> ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to IAS16 as described below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

The Group’s existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment.

5. SEGMENT INFORMATION

5.1 General information

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

The Chief Operating Decision Maker (“CODM”) has been identified as the Management Office (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 resource 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 has been separately presented as discrete segment information for CODM's review.

(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;
- Finance – providing deposit, loan, bill acceptance and discount and other financial services to entities within the Group and China Coal Group.

In addition, segments relating to aluminum, electricity generating, equipment trading agency services, tendering services and other insignificant manufacturing businesses which are not reportable were combined and disclosed in “Others” segment category.

5.2 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 Chief Operating Decision Market (“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 to the third parties, i.e. at current market prices. The amounts of segment information are denominated in RMB, which is consistent with the currency in the reports used by the CODM.

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

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

	Year ended and as at 31 December 2021								
	Coal RMB'000	Coal- chemical products RMB'000	Mining machinery RMB'000	Finance RMB'000	Others RMB'000	Total segment RMB'000	Unallocated RMB'000	Inter- segment elimination RMB'000	Total RMB'000
Segment revenue									
Total revenue	202,193,422	21,669,886	10,372,623	1,691,036	8,370,072	244,297,039	-	(13,169,737)	231,127,302
Inter-segment revenue	(9,784,269)	(364,635)	(1,495,849)	(383,540)	(1,141,444)	(13,169,737)	-	13,169,737	-
Revenue from external customers	<u>192,409,153</u>	<u>21,305,251</u>	<u>8,876,774</u>	<u>1,307,496</u>	<u>7,228,628</u>	<u>231,127,302</u>	<u>-</u>	<u>-</u>	<u>231,127,302</u>
Segment results									
Profit (loss) from operations	26,268,595	1,582,232	626,873	1,101,075	(1,161,301)	28,417,474	(265,009)	(102,752)	28,049,713
Profit (loss) before income tax	25,801,106	2,953,652	493,835	1,100,412	(1,240,325)	29,108,680	(1,611,999)	(121,271)	27,375,410
Interest income	305,651	44,238	26,280	-	20,013	396,182	1,002,513	(1,284,096)	114,599
Interest expense	(1,919,545)	(819,999)	(75,007)	-	(218,557)	(3,033,108)	(2,424,438)	1,363,855	(4,093,691)
Depreciation and amortisation	(6,893,024)	(2,835,474)	(454,549)	(1,585)	(613,413)	(10,798,045)	(18,156)	-	(10,816,201)
Share of profits (losses) of associates and joint ventures	1,142,670	2,147,389	(85,585)	-	-	3,204,474	75,133	-	3,279,607
Income tax (expense) credit	(5,654,727)	(113,552)	(61,242)	(274,033)	(8,526)	(6,112,080)	(460,920)	18,526	(6,554,474)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(2,239,433)	(26,237)	(20,349)	-	(1,233,428)	(3,519,447)	-	-	(3,519,447)
(Provision for) reversal of impairment of other assets	(115,334)	(3,763)	(18,912)	32,823	671	(104,515)	574	(12,417)	(116,358)
Addition to non-current assets	7,455,888	4,017,011	198,532	126	42,848	11,714,405	(383,978)	-	11,330,427
Segment assets and liabilities									
Total assets	<u>164,092,071</u>	<u>58,472,854</u>	<u>19,243,825</u>	<u>75,667,250</u>	<u>11,514,136</u>	<u>328,990,136</u>	<u>13,587,599</u>	<u>(21,248,713)</u>	<u>321,329,022</u>
Including: interests in associates and joint ventures	<u>8,666,869</u>	<u>13,481,969</u>	<u>577,033</u>	<u>-</u>	<u>134,097</u>	<u>22,859,968</u>	<u>3,827,256</u>	<u>-</u>	<u>26,687,224</u>
Total liabilities	<u>69,928,806</u>	<u>20,835,953</u>	<u>9,031,695</u>	<u>70,933,993</u>	<u>5,594,810</u>	<u>176,325,257</u>	<u>68,508,960</u>	<u>(65,669,166)</u>	<u>179,165,051</u>

Year ended and as at 31 December 2020(Restated)

	Coal <i>RMB'000</i>	Coal- chemical products <i>RMB'000</i>	Mining machinery <i>RMB'000</i>	Finance <i>RMB'000</i>	Others <i>RMB'000</i>	Total segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue									
Total revenue	113,896,848	17,054,043	8,944,920	1,241,894	7,020,116	148,157,821	-	(7,193,140)	140,964,681
Inter-segment revenue	(4,197,131)	(325,821)	(1,185,986)	(403,747)	(1,080,455)	(7,193,140)	-	7,193,140	-
Revenue from external customers	<u>109,699,717</u>	<u>16,728,222</u>	<u>7,758,934</u>	<u>838,147</u>	<u>5,939,661</u>	<u>140,964,681</u>	<u>-</u>	<u>-</u>	<u>140,964,681</u>
Segment results									
Profit (loss) from operations	11,655,531	1,889,356	459,963	849,970	640,583	15,495,403	(337,523)	(106,027)	15,051,853
Profit (loss) before income tax	10,395,372	1,408,312	405,055	849,291	405,708	13,463,738	(1,817,159)	39,645	11,686,224
Interest income	319,129	38,714	20,283	-	14,278	392,404	1,280,717	(1,518,956)	154,165
Interest expense	(2,177,299)	(1,037,924)	(94,170)	-	(284,864)	(3,594,257)	(2,883,570)	1,810,956	(4,666,871)
Depreciation and amortisation	(6,291,889)	(2,645,550)	(460,992)	(1,412)	(608,580)	(10,008,423)	(19,287)	-	(10,027,710)
Share of profits of associates and joint ventures	508,906	515,976	20,028	-	1,660	1,046,570	117,274	-	1,163,844
Income tax (expense) credit	(2,501,362)	(115,310)	(32,965)	(216,805)	9,481	(2,856,961)	(505,590)	(897)	(3,363,448)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(15,601)	-	-	-	-	(15,601)	-	-	(15,601)
(Provision for) reversal of impairment of other assets	(6,789)	46,473	(57,599)	15,075	(13,057)	(15,897)	112	(21,602)	(37,387)
Addition to non-current assets	4,367,895	5,948,154	271,459	1,558	21,658	10,610,724	35,346	-	10,646,070
Segment assets and liabilities									
Total assets	<u>155,053,424</u>	<u>48,432,897</u>	<u>17,525,327</u>	<u>40,299,025</u>	<u>12,821,015</u>	<u>274,131,688</u>	<u>37,150,889</u>	<u>(28,450,614)</u>	<u>282,831,963</u>
Including: interests in associates and joint ventures	<u>7,521,296</u>	<u>11,493,490</u>	<u>914,596</u>	<u>-</u>	<u>128,659</u>	<u>20,058,041</u>	<u>3,806,111</u>	<u>-</u>	<u>23,864,152</u>
Total liabilities	<u>68,542,438</u>	<u>23,106,958</u>	<u>6,659,653</u>	<u>35,949,046</u>	<u>5,919,125</u>	<u>140,177,220</u>	<u>67,700,482</u>	<u>(49,853,148)</u>	<u>158,024,554</u>

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

5.3 Geographical information

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

Analysis of revenue

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Domestic markets	230,080,300	140,023,731
Overseas markets	1,047,002	940,950
	<u>231,127,302</u>	<u>140,964,681</u>

Analysis of non-current assets

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Domestic markets	209,262,692	211,391,247
Overseas markets	580	386
	<u>209,263,272</u>	<u>211,391,633</u>

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

5.4 Major customers

No revenue from transactions with a single external customer amounts to 10% or more of the Group's revenue for both 2021 and 2020.

6. REVENUE

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Goods and services	229,493,651	139,871,225
Rental income	326,155	255,309
Interest income	1,307,496	838,147
	<u>231,127,302</u>	<u>140,964,681</u>

(i) Disaggregation of revenue from contracts with customers:

	Year ended 31 December 2021				
	Coal	Coal-chemical products	Mining machinery	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods recognised					
Sales of coal	191,924,901	–	–	–	191,924,901
Sales of coal-chemical products	–	21,262,303	–	–	21,262,303
Sales of mining machinery	–	–	8,378,567	–	8,378,567
Sales of electric power	–	–	–	4,320,762	4,320,762
Sales of aluminium products	–	–	–	2,011,983	2,011,983
Others	23,989	17,764	268,280	527,112	837,145
	<u>191,948,890</u>	<u>21,280,067</u>	<u>8,646,847</u>	<u>6,859,857</u>	<u>228,735,661</u>
Provision of services recognised					
Agent services	10,246	–	16,700	108,248	135,194
Railway services	3,191	–	–	202,005	205,196
Others	169,358	15,406	181,482	51,354	417,600
	<u>182,795</u>	<u>15,406</u>	<u>198,182</u>	<u>361,607</u>	<u>757,990</u>
Revenue from contracts with customers	<u>192,131,685</u>	<u>21,295,473</u>	<u>8,845,029</u>	<u>7,221,464</u>	<u>229,493,651</u>
Analysed by geographical markets					
Domestic markets	191,582,745	21,230,559	8,411,881	7,221,464	228,446,649
Overseas markets	548,940	64,914	433,148	–	1,047,002
	<u>192,131,685</u>	<u>21,295,473</u>	<u>8,845,029</u>	<u>7,221,464</u>	<u>229,493,651</u>

Year ended 31 December 2020 (Restated)

	Coal <i>RMB'000</i>	Coal- chemical products <i>RMB'000</i>	Mining machinery <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Sales of goods recognised					
Sales of coal	109,270,085	–	–	–	109,270,085
Sales of coal-chemical products	–	16,605,743	–	–	16,605,743
Sales of mining machinery	–	–	7,227,157	–	7,227,157
Sales of electric power	–	–	–	3,776,234	3,776,234
Sales of aluminum products	–	–	–	1,188,518	1,188,518
Others	25,506	51,615	340,297	629,669	1,047,087
	<u>109,295,591</u>	<u>16,657,358</u>	<u>7,567,454</u>	<u>5,594,421</u>	<u>139,114,824</u>
Provision of services recognised					
Agent services	7,435	–	10,094	89,510	107,039
Railway services	–	–	–	165,142	165,142
Others	156,652	67,768	180,011	79,789	484,220
	<u>164,087</u>	<u>67,768</u>	<u>190,105</u>	<u>334,441</u>	<u>756,401</u>
Revenue from contracts with customers					
	<u>109,459,678</u>	<u>16,725,126</u>	<u>7,757,559</u>	<u>5,928,862</u>	<u>139,871,225</u>
Analysed by geographical markets					
Domestic markets	109,190,715	16,293,234	7,540,626	5,905,700	138,930,275
Overseas markets	268,963	431,892	216,933	23,162	940,950
	<u>109,459,678</u>	<u>16,725,126</u>	<u>7,757,559</u>	<u>5,928,862</u>	<u>139,871,225</u>

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

	Year ended 31 December 2021			Consolidated RMB'000
	Segment revenue RMB'000	Eliminations RMB'000	Less: rental and interest income RMB'000	
Coal	202,193,422	(9,784,269)	(277,468)	192,131,685
Coal-chemical products	21,669,886	(364,635)	(9,778)	21,295,473
Mining machinery	10,372,623	(1,495,849)	(31,745)	8,845,029
Finance	1,691,036	(383,540)	(1,307,496)	–
Others	8,370,072	(1,141,444)	(7,164)	7,221,464
Total	244,297,039	(13,169,737)	(1,633,651)	229,493,651

	Year ended 31 December 2020 (Restated)			Consolidated RMB'000
	Segment revenue RMB'000	Eliminations RMB'000	Less: rental and interest income RMB'000	
Coal	113,896,848	(4,197,131)	(240,039)	109,459,678
Coal-chemical products	17,054,043	(325,821)	(3,096)	16,725,126
Mining machinery	8,944,920	(1,185,986)	(1,375)	7,757,559
Finance	1,241,894	(403,747)	(838,147)	–
Others	7,020,116	(1,080,455)	(10,799)	5,928,862
Total	148,157,821	(7,193,140)	(1,093,456)	139,871,225

(ii) Performance obligations for contracts with customers

Sales of coal (revenue recognised at a point in time)

The Group sells coal directly to the customers and revenue is recognised when the customers obtained control of goods transferred. The shipping types includes both land and water transportation. In the type of land transportation, revenue is recognised when the coal is delivered to the customers; in the type of water transportation, revenue is recognised when the goods pass the ship's rail.

The consideration received from the customers before the delivery of goods are recognised as contract liabilities in the Group's consolidated financial statements. There is no significant financing component or right of return arrangement in the sales contract.

Sales of coal-chemical products (revenue recognised at a point in time)

The Group sells coal-chemical products directly to the customers, revenue is recognised when the customers obtained control of goods transferred, i.e. when the customers received the coal-chemical products.

The consideration received from the customers before the delivery of goods are recognised as contract liabilities in the Group's consolidated financial statements. There is no significant financing component or right of return arrangement in the sales contract.

Sales of mining machinery (revenue recognised at a point in time)

The Group sells mining machinery to the customers directly. The payment terms of the contracts include stage payments. The Group recognises the revenue when the mining machinery is delivered to the customers. There is no significant financing component or right of return arrangement in the sales contract.

7. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000 (Restated)
Finance income:		
– Interest income on bank deposits	84,297	76,886
– Interest income on entrusted loans	30,302	77,279
Total finance income	<u>114,599</u>	<u>154,165</u>
Interest expenses:		
– Borrowings	3,005,263	3,131,474
– Long-term bonds	1,198,310	1,598,230
– Unwinding of discount	298,284	261,237
– Lease liabilities	26,821	24,839
Other incidental bank charges	1,135	6,376
Net foreign exchange losses	(26,317)	10,391
Finance costs	4,503,496	5,032,547
Less: amounts capitalised on qualifying assets (Note)	(434,987)	(348,909)
Total finance costs	<u>4,068,509</u>	<u>4,683,638</u>
Finance costs, net	<u>3,953,910</u>	<u>4,529,473</u>

Note:

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

	Year ended 31 December	
	2021	2020
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	<u>4.18%-4.90%</u>	<u>3.80%-4.89%</u>

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Current income tax – PRC enterprise income tax (Note (a))	6,832,062	2,956,812
Deferred income tax	(277,588)	406,636
	<u>6,554,474</u>	<u>3,363,448</u>

Notes:

- (a) 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 2021 and 2020 was 25% on 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.

- (b) The taxation of the Group's profit before income tax differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000 (Restated)
Profit before income tax	27,375,410	11,686,224
Tax calculated at statutory income tax rate of 25% (2020: 25%) in the PRC	6,843,853	2,921,556
Effect of preferential tax rates on income of certain subsidiaries	(790,708)	(148,375)
Adjust income tax of the previous period	16,609	16,563
Income not subject to taxation	(820,558)	(291,616)
Expenses not deductible for taxation purposes	106,471	122,453
Utilisation of previously unrecognised tax losses	(228,801)	(35,810)
Tax losses for which no deferred income tax asset has been recognised	446,200	388,988
Deductible temporary differences for which no deferred income tax asset has been recognised	634,917	9,985
Recognition of previously unrecognised deductible temporary differences	(8,283)	(12,748)
Additional expenses allowable for tax deduction	(129,084)	(111,388)
Others	483,858	503,840
Income tax expense	6,554,474	3,363,448

- (c) The tax charge relating to components of other comprehensive income are as follows:

	Year ended 31 December 2021			Year ended 31 December 2020		
	Tax charge/			Tax charge/		
	Before tax	(credit)	After tax	Before tax	(credit)	After tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fair value changes on equity instruments measured at FVTOCI	(90,566)	(2)	(90,568)	52,017	(928)	51,089
Fair value changes on debt instruments measured at FVTOCI	13,335	(3,691)	9,644	(37,575)	8,251	(29,324)
Share of other comprehensive income of associates that will not be reclassified to profit or loss	-	-	-	(308)	-	(308)
Impairment loss for debt instruments at FVTOCI included in profit or loss, net of reversal	846	-	846	9,568	-	9,568
Exchange differences arising on translation of foreign operations	33,924	-	33,924	(8,665)	-	(8,665)
Other comprehensive expense	(42,461)	(3,693)	(46,154)	15,037	7,323	22,360
Deferred income tax		(3,693)			7,323	

The income tax charged directly to other comprehensive income during the year is as follows:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax	<u>(3,693)</u>	<u>7,323</u>

9. DIVIDENDS

During the year ended 31 December 2021, dividends for ordinary shareholders of the Company recognised as distribution is RMB1,776,660,883 being final dividend for the year ended 31 December 2020 of RMB0.134 per share for 13,258,663,400 shares.

A total dividend of RMB3,984,572,400 for the year ended 31 December 2021 has been proposed by the directors of the Company and is subject to approval by the shareholders at the 2021 annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2021	
	<i>RMB'000</i>	
Proposed final dividend	<u>3,984,572</u>	

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the number of 13,258,663,400 ordinary shares in issue during the year.

	Year ended at 31 December	
	2021	2020
		(Restated)
Profit attributable to the equity holders of the Company (RMB'000)	14,714,915	5,353,650
Number of ordinary shares in issue (in thousands)	13,258,663	13,258,663
Basic earnings per share (RMB per share)	<u>1.11</u>	<u>0.40</u>

As the Company had no potential ordinary shares in issue for the years ended 31 December 2021 and 2020, diluted earnings per share equals to basic earnings per share.

11. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Trade receivables (Notes (a), (b) and (c))	<u>7,545,912</u>	<u>7,222,201</u>
Debt instruments at FVTOCI (Notes (d) and (e))	<u>5,926,495</u>	<u>3,520,823</u>

Notes:

(a) Trade receivables are analysed as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Trade receivables		
– Associates	665,965	436,132
– Joint ventures	1,307	3,932
– Fellow subsidiaries	696,384	574,919
– Third parties	<u>6,182,256</u>	<u>6,207,218</u>
Trade receivables, net	<u>7,545,912</u>	<u>7,222,201</u>

Aging analysis of trade receivables presented based on invoice date is as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Within 6 months	5,498,031	5,142,568
7 months – 1 year	980,783	941,792
1 – 2 years	558,198	781,692
2 – 3 years	293,350	285,757
Over 3 years	<u>769,037</u>	<u>630,602</u>
Trade receivables, gross	8,099,399	7,782,411
Less: Allowance for credit losses	<u>(553,487)</u>	<u>(560,210)</u>
Trade receivables, net	<u>7,545,912</u>	<u>7,222,201</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:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<i>RMB</i>	7,431,782	7,221,028
US Dollar (“USD”)	114,130	1,173
	<u>7,545,912</u>	<u>7,222,201</u>

- (c) The carrying amounts of trade receivables approximate their fair values.
- (d) Debt instruments at FVTOCI are notes receivables which are 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: less than one year).
- (e) As at 31 December 2021, notes receivables of RMB236,199,000 (2020: RMB336,061,000) are pledged to banks for issuing notes payables amounting to RMB192,953,000(2020: RMB325,358,000).
- (f) Transfers of financial assets

As at 31 December 2021, notes receivables of RMB859,098,000 (2020:RMB674,658,000) were endorsed to suppliers, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivables.

As at 31 December 2021, the Group endorsed and discounted notes receivables of RMB4,695,454,000 (2020: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.

12. TRADE AND NOTES PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (note (a))	24,207,902	20,675,351
Notes payables	2,990,882	4,522,036
	<u>27,198,784</u>	<u>25,197,387</u>

Notes:

- (a) Trade payables are analysed as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000 (Restated)
Trade payables		
– Fellow subsidiaries	3,322,948	3,309,928
– A joint venture	–	–
– Associates	219,295	239,786
– Third parties	20,665,659	17,125,637
	24,207,902	20,675,351

Trade payables due to related parties are unsecured, interest-free and payable in accordance with the relevant contracts entered into between the Group and the related parties.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000 (Restated)
Less than 1 year	20,718,147	16,751,614
1 – 2 years	1,493,262	1,975,445
2 – 3 years	565,699	557,756
Over 3 years	1,430,794	1,390,536
	24,207,902	20,675,351

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000 (Restated)
RMB	27,088,521	25,197,336
USD	110,263	51
	27,198,784	25,197,387

- (c) The carrying amounts of trade and notes payables approximate their fair values.
- (d) As at 31 December 2021, notes receivables with amount of RMB236,199,000 (2020: RMB336,061,000) are pledged to banks for issuing notes payables amounting to RMB192,953,000 (2020: RMB325,358,000).

13. RESERVES AND RETAINED EARNINGS

	Capital reserve RMB'000	Statutory reserve funds RMB'000 (note a)	General reserve RMB'000	Future development fund RMB'000 (note b)	Safety fund RMB'000 (note c)	Other funds related to coal mining RMB'000 (note d)	Translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 31 December 2019 as previously reported	<u>31,655,301</u>	<u>4,532,524</u>	<u>401,243</u>	<u>1,897,412</u>	<u>2,061,384</u>	<u>75,301</u>	<u>(64,611)</u>	<u>6,549,670</u>	<u>36,681,075</u>	<u>83,789,299</u>
Acquisition of a subsidiary under common control in 2021 (Note 3.2)	1,217,020	-	-	-	318	-	-	-	(78,795)	1,138,543
At 1 January 2020 (Restated)	<u>32,872,321</u>	<u>4,532,524</u>	<u>401,243</u>	<u>1,897,412</u>	<u>2,061,702</u>	<u>75,301</u>	<u>(64,611)</u>	<u>6,549,670</u>	<u>36,602,280</u>	<u>84,927,842</u>
Profit for the year (Restated)	-	-	-	-	-	-	-	-	5,353,650	5,353,650
Other comprehensive income (expense), net of tax	-	-	-	-	-	-	8,665	(38,030)	-	(29,365)
Appropriations	-	314,433	69,521	(230,023)	(133,352)	(1,610)	-	-	(18,969)	-
Share of other change of reserves of associates and joint ventures	-	-	-	-	-	-	-	(144,394)	144,394	-
Acquisition of a subsidiary under common control in 2020 (Note 3.1)	(25,500)	-	-	-	-	-	-	-	(4,576)	(30,076)
Dividends	-	-	-	-	-	-	-	-	(1,683,850)	1,683,850
Others (Restated)	-	-	-	-	344	-	-	(10,675)	14,759	4,428
At 31 December 2020 (Restated)	<u><u>32,846,821</u></u>	<u><u>4,846,957</u></u>	<u><u>470,764</u></u>	<u><u>1,667,389</u></u>	<u><u>1,928,694</u></u>	<u><u>73,691</u></u>	<u><u>(55,946)</u></u>	<u><u>6,356,571</u></u>	<u><u>40,407,688</u></u>	<u><u>88,542,629</u></u>
Profit for the year	-	-	-	-	-	-	-	-	14,714,915	14,714,915
Other comprehensive income (expense), net of tax	-	-	-	-	-	-	(33,924)	84,525	-	50,601
Appropriations	-	671,147	111,779	619,495	915,345	(1,181)	-	-	(2,316,585)	-
Share of other change of reserves of associates and joint ventures	-	-	-	-	-	-	-	(117,770)	262,476	144,706
Acquisition of a subsidiary under common control in 2021 (Note 3.2)	(1,217,020)	-	-	-	-	-	-	-	(196,163)	(1,413,183)
Dividends	-	-	-	-	-	-	-	-	(1,776,661)	(1,776,661)
Others	-	-	-	-	-	-	-	28,452	(13)	28,439
At 31 December 2021	<u><u>31,629,801</u></u>	<u><u>5,518,104</u></u>	<u><u>582,543</u></u>	<u><u>2,286,884</u></u>	<u><u>2,844,039</u></u>	<u><u>72,510</u></u>	<u><u>(89,870)</u></u>	<u><u>6,351,778</u></u>	<u><u>51,095,657</u></u>	<u><u>100,291,446</u></u>

Notes:

(a) Statutory reserve funds

In accordance with the PRC Company Law and the relevant articles of association, each of the Company and its subsidiaries established in the PRC (the “PRC Group Entities”) is required to set aside 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to the PRC companies (“PRC GAAP”) and regulations applicable to the PRC Group Entities, to the statutory reserve funds until such reserve reaches 50% of the registered capital of the relevant PRC Group Entities. The appropriation to the reserve must be made before any distribution of dividends to the equity holders before reaching 50% threshold mentioned above. The statutory surplus reserve can be used to offset previous years’ losses, if any, and part of the statutory surplus reserve can be capitalised as the relevant PRC Group Entities’ share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the relevant PRC Group Entities.

(b) Future development fund

Pursuant to the relevant PRC regulations, the Group is required to set aside an amount to a future development fund. The fund can be used for future development of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditures, an equivalent amount should be transferred from future development fund to retained earnings.

(c) Safety fund

Pursuant to certain regulations issued by the Ministry of Finance (財政部) and the State Administration of Work Safety (安全監管總局) of the PRC, the subsidiaries of the Company which are engaged in coal mining are required to set aside an amount to a safety fund at RMB10 to RMB30 per ton of raw coal mined. The subsidiaries of the Company which are engaged in coal-chemical, machinery manufacturing, metallurgy and other relevant business are required to set aside an amount of certain percentage of revenue to a safety fund. The safety fund can be used for safety facilities and environment improvement, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount should be transferred from safety fund to retained earnings.

(d) Other funds relevant to coal mining

(i) Transformation and environmental restoration fund

Pursuant to two regulations issued by the Shanxi provincial government on 15 November 2007, both of which were effective from 1 October 2007, mining companies of the Group located in Shanxi Province are required to set aside an amount to a coal mine industry transformation fund and environmental restoration fund at RMB5 and RMB10 per ton of raw coal mined respectively. According to the relevant rules, such funds will be specifically utilised for the transformation costs of the coal mine industry and for the land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying transformation and environmental restoration expenditures, an equivalent amount should be transferred from transformation and environmental restoration fund to retained earnings.

Pursuant to a regulation issued by the Shanxi provincial government, transformation and environmental restoration fund was no longer required to be set aside since 1 August 2013.

(ii) Sustainable development fund

Pursuant to a regulation issued by the Jiangsu Province Xuzhou municipal government on 20 October 2010, the Company's subsidiary in Xuzhou is required to set aside an amount to a sustainable development fund at RMB10 per ton of raw coal mined. The fund will be used for the transformation costs of the mine, land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying expenditures, an equivalent amount should be transferred from sustainable development fund to retained earnings. The sustainable development fund was no longer required to be set aside since 1 January 2014 according to related requirement of the local government.

14. CONTINGENT LIABILITIES

In 2009, the Company acquired the entire interests in Yihua Mining and Mengda Mining in the open market and since then they become the wholly-owned subsidiaries. During the years 2010 and 2011, the Company made a number of acquisitions in Yinhe Hongtai in the open market and then it become a subsidiary.

In 2021, Wushengqi State-owned Assets Investment and Management Co., LTD. ("Wushengqi") launched claims to Yihua Mining, Mengda Mining and Yinhe Hongtai, for (1) the contracts entered on December 28, 2008 for the transfer of mining rights in Mudu Chaideng Coal Mine to Yihua Mining, (2) the contract entered on 28 December 2008 for the transfer of mining rights in No. 2 Coal Mine in Nalinhe Mine Area to Mengda Mining; and (3) the contract entered on July 26, 2007 for the transfer of relevant mining right to Yinhe Hongtai. Wushengqi claimed that these contracts were invalid as these transfer of mining rights violated the relevant rules and regulations of the Inner Mongolia Autonomous Region while they were determined below the required minimum transfer price for high-quality thermal coal. The Company has been sued for the differences between the required minimum prices and the actual transfer considerations paid by the then-existing owners of these entities.

In mid-January 2022, Ordos Intermediate People's Court made the first instance judgment on three cases, and ordered Yihua Mining, Mengda Mining and Yinhe Hongtai to pay for the under-paid transfer prices of RMB1.454 billion, RMB2.224 billion and RMB1.623 billion, respectively. Yihua Mining, Mengda Mining and Yinhe Hongtai have appealed to the Higher People's Court of The Inner Mongolia Autonomous Region against the verdict of the first instance, and the appeal is on-going as of the report date. The Company will continue to monitor the latest developments in these litigations to assess the possible implications.

15. FINANCIAL GUARANTEE CONTRACTS

The Group has guaranteed the bank loans of three related parties and a third party for no compensation. Under the terms of the financial guarantee contracts, the Group will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

Terms and face value of the liabilities guaranteed were as follows:

	Year of maturity	As at 31 December	
		2021 Face value RMB'000	2020 Face value RMB'000
Bank loans of:			
– Related parties	2035	7,504,455	10,769,519
– Third parties	2045	316,000	316,000
Total		<u>7,820,455</u>	<u>11,085,519</u>

In addition to the above disclosed, outstanding financial guarantee provided by the Group in respect of unutilised bank facilities of Zhongtian Synergetic, an associate of the Group, and Hecaogou Coal, a joint venture of the Group, amounted to approximately RMB11.30 billion and RMB811 million respectively, as at 31 December 2021 (31 December 2020: RMB8,600 million and RMB710 million respectively).

16. COMMITMENTS

(a) Capital commitments

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Property, plant and equipment	4,656,720	5,561,655
Mining rights	235,000	235,000
Technical know-how	31,686	—
	<u>4,923,406</u>	<u>5,796,655</u>

(b) Investment commitments

According to the agreement entered into on 15 July 2006, Zhongtian Synergetic was established by the Company, China Petroleum & Chemical Corporation and the other two independent parties. As a 38.75% shareholder, the Company has invested RMB6,787 million in Zhongtian Synergetic as at 31 December 2021 and is committed to further invest RMB481 million by instalments in the future.

According to the agreement entered into on October 2014, Shanxi Jingshen Railway Company Limited (“Jingshen Railway”) was established by Shanxi Yulin (a subsidiary of the Company), Shanxi Coal and Chemical Industry Group Co., Ltd., Shanxi Yulin Coal Distribution Co., Ltd. and a number of other independent parties. As a 4% shareholder, Shanxi Yulin has invested RMB215 million in Jingshen Railway as at 31 December 2021 and is committed to further invest RMB33 million in the future.

According to the agreement entered into on 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”). Pingshuo Group has invested RMB200 million in Partnership as at 31 December 2021 and is committed to invest the remaining subscribed capital of RMB800 million during the investment period of the Partnership.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 17 December 2021, a wholly owned subsidiary of the Company, China Coal Sales and Transportation Company Limited (“China Coal Sales Company”) (中國煤炭銷售運輸有限責任公司), has entered into a conditional agreement to acquire 56% equity interest in Jingmin Industrial and Trading Company. (“Jing Min Company”) (中煤京閩(福建)工貿有限公司) held by the Parent Company at a consideration of RMB135,678,000.

Upon the completion of the conditions between China Coal Sales Company and the Parent Company in January 2022, the acquisition is considered as completed and will be accounted for as a business combination under common control in the year 2022.

CHAIRMAN’S STATEMENT

Dear Shareholders,

In 2021, the steady progress of China’s economy and the sound development situation of the coal industry provided a rare time and space for the transformation and upgrade and high-quality development of coal enterprises. China Coal Energy drew strength from the wisdom of the Party history for a century, seized the growth momentum of the energy industry, established the development direction of “efficiency enhancement and incremental transformation”, strived to build a world-class clean energy enterprise pursuing multi-energy complementation, green and low-carbon business, innovation demonstration and modern governance, promoted various operational and development tasks in a coordinated fashion so as to achieve a good start of the “14th Five-Year Plan”.

Building and improving the high-quality development industrial structure and making new progress in transformation and upgrade. The Company actively built and improved the high-quality development of the four-industry synergy industry structure with the coal industry as the cornerstone, the coal-based clean and efficient conversion and utilisation industry and the energy comprehensive service industry as two wings, and new energy and other strategic emerging industries as important growth points. During the reporting period, the Company strived to increase production and sales to ensure supply and price stability, continued to ramp up its advanced production capacity, and continuously improved energy supply capacity. The production volume of commercial coal reached 112.74 million tonnes, representing a year-on-year increase of 2.5%; coal sales volume amounted to 291.17 million tonnes, representing a year-on-year increase of 9.7%. Four coal mines were included in the national list of coal mines designated to increase production and ensure supply with an additional production capacity of 12.10 million tonnes per year. Among them, East Open Pit Coal Mine and Wangjialing Coal Mine have been approved to increase production capacity by 6.5 million tonnes per year. The first mining working face of Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal was put into trial operation. The coal, electricity and chemical integrated industry chain achieved continuous optimised development, and the major coal chemical enterprises maintained safe, stable and efficient operation. The Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas operated successfully in its first trial run. The output of major coal chemical products was 4.77 million tonnes, representing an year-on-year increase of 18.1%. With the increasing advantages of complete and intelligent development of coal mining equipment, the Company achieved an output of RMB9.5 billion, a year-on-year increase of 8.7%. The asset scale of the Finance Company exceeded RMB70 billion, and the service guarantee capacity for financial businesses was further enhanced. The Company took a new step towards new energy development. The 263MW photovoltaic project of the first phase of New Energy Demonstration Base in Shanghai Energy has successfully connected to the grid for 30MW of electricity in the first phase, and a number of key research projects have been carried out as scheduled.

Adhering to the goal to vigorously enhance quality and efficiency and setting a new record for operating results. During the reporting period, the Company focused on the world-class standards by strengthening the capability in meeting with international and domestic advanced levels. The Company kept up with market demand, scientifically organised production and sales, strengthened lean management to further improve quality and reduce costs, and achieved the best historical operating results. The Company realised revenue of RMB231.1 billion, representing an increase of 64.0% year-on-year. Profit before income tax was RMB27.4 billion, representing an increase of 134.3% year-on-year. Profit attributable to the equity holders of the Company was RMB14.7 billion, representing an increase of 174.8% year-on-year. Net cash inflow from operating activities was RMB48.1 billion, representing an increase of 112.6% year-on-year. The weighted average return ratio on equity was 13.7%, representing an increase of 8.3 percentage points year-on-year. Operating income margin was 12.1%, representing an increase of 1.4 percentage points year-on-year. Gearing ratio was 40.6%, remaining a sound and prudent financial structure.

Deepening reform and innovation and keeping up the vitality and momentum of high-quality development. During the reporting period, the Company promoted the implementation of the Three-year Action for the Reform of State-owned Enterprises in an all-round way, and basically realized the establishment of board of directors of subsidiaries and the contractual management of the tenure system for the management of enterprises, and further strengthened the strategic transformation of flat, professional and regional management. The Company vigorously strengthened technological innovation. It obtained 279 authorised patents and 16 achievements have been rewarded with the Coal Industry Technology Progress Award, 3 achievements have been approved by the National Recommended Catalogue, and a 10-meter ultra-large mining height hydraulic support with independent intellectual property rights has been successfully developed, major technological project “Prevention of Rock Burst in Mines in Inner Mongolia and Shaanxi” was completely launched, five national first batch of intelligent demonstration coal mines were fully launched, 20 intelligent mining faces and 15 intelligent driving faces were established. The 5G integrated networking technology has been successfully applied in East Open Pit Coal Mine and Dahaize Coal Mine, and the digital China Coal construction has been making steady progress.

Fully implementing the philosophy of safe and green development and continuously reinforcing the foundation for high-quality development. During the reporting period, the Company comprehensively strengthened its safety management system to implement vertical supervision, increased investment in safety to enhance the level of protection, and carried out intensive supervision of specific rectification projects and maintained a good development trend in production safety. The Company strengthened environmental restoration and ecological protection, and no general or more serious environmental emergencies occurred. Seven coal mines were selected into the State Green Mine Catalogue. The Company vigorously carried out energy conservation and consumption reduction, and the unit consumption of raw materials and comprehensive consumption of major coal chemical products were in the leading position in the industry. The Company continued to normalise pandemic prevention measures, and achieved “zero infection” of all employees. The Company continued to strengthen corporate governance, information disclosure and investor communication, won the Best Capital Market Communication Award in the Fifth China IR Excellence Awards. The appraisal rating for annual information disclosure on the Shanghai Stock Exchange was A for consecutive years. The Company fulfilled its social responsibilities and made social contribution of a total of RMB52.1 billion for the year. The Company also implemented the spirit of consolidating and expanding the results of poverty alleviation and rural revitalisation, and invested cumulative poverty alleviation funds of RMB25.99 million.

Given the basic condition of China's energy structure, the status of coal as the primary source of energy will remain unchanged for a longer period of time. In 2022, in a more complex and uncertain external environment, we will continue to prioritize stability while pursuing progress, seek high-quality development, scientifically implement the requirements for carbon emissions peak and carbon neutrality, make every effort to ensure energy supply, focus on the clean and efficient use of coal, actively contribute to the formation of a new development structure, and speed up building a world-class clean energy enterprise. First, based on the "14th Five-Year Plan", the Company will accelerate the construction of key projects, and promote the optimisation of the industrial layout and the green and low-carbon transformation in a solid and orderly manner. Second, the Company will accomplish the task of the Three-year Action Plan for the Reform of State-owned Enterprises, improve a more flexible and efficient market-oriented operating mechanism so as to stimulate greater vitality of enterprises and develop endogenous energy. Third, the Company will run in line with world-class standards to comprehensively promote the refined management, vigorously improve quality, benefit and efficiency and fully complete the annual production and operation plan. Fourth, the Company will step up technological innovation, advance key and core technologies to drive clean and efficient utilisation of coal and green and low-carbon transformation of energy with technological innovation. Fifth, with bottom-line thinking, the Company will strengthen safe production, ecological and environmental protection, energy conservation and emission reduction, pandemic prevention and control and liquidity management, and prevent various major risks. Sixth, the Company will continue to improve its strengthen corporate governance and information disclosure quality to further strengthen communication with various investors, and maintain a good image in the capital market.

In 2022, the Company's management and staff of all levels will make persistent efforts, keep their original aspirations and missions in mind and forge ahead, make positive contributions to better protect national energy security, meet people's needs for a better life and promote the healthy development of the capital market and reward all shareholders and investors with excellent performance.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

The following discussion and analysis should be read in conjunction with the Group's audited financial statements and the notes thereto. The Group's financial statements have been prepared in accordance with the IFRS.

I. OVERVIEW

For the year ended 31 December 2021, the Group adhered to the high-quality development as the guide, strengthened the organisation of production and sales, took scientific control of cost, greatly improved quality and efficiency, comprehensively deepened reform, and strengthened scientific and technological innovation, leading to a new high in operating results, steady improvement of operating quality and breakthroughs in reform and development. As a result, a good start of the "14th Five-Year Plan" was achieved. The Group realised revenue of RMB231.127 billion for the year, representing a year-on-year increase of 64.0%; profit attributable to the equity holders of the Company amounted to RMB14.715 billion, representing a year-on-year increase of 174.8%; and net cash inflow from operating activities amounted to RMB48.106 billion, representing a year-on-year increase of 112.6%.

The Group accelerated the release of advanced coal production capacity, leveraged its marketing advantages to increase the purchase scale of coal, made every effort to increase production and sales, and implemented the requirements of energy supply and price stabilisation. The Group completed the production volume of commercial coal of 112.74 million tonnes, representing a year-on-year increase of 2.73 million tonnes, and the sales volume of commercial coal of 291.17 million tonnes, representing a year-on-year increase of 25.73 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, and coal chemical enterprises achieved profit of RMB806 million in production and operation. Equipment business promoted reform and innovation to stimulate the vitality of the system and mechanism, realising revenue of RMB10.373 billion, profit before tax of RMB494 million, representing a continuous year-on-year growth. The financial operations leveraged the advantage of information technology of the digital financial platform and strengthened the lean capital management, realising profit before tax of RMB1.10 billion, representing a year-on-year increase of RMB251 million. In addition, the profitability of associates and joint ventures of the Group improved, and the Group recognized the share of profits of associates and joint ventures of RMB3.280 billion in proportion to its shareholding. The Group made provision for impairment losses on various assets of RMB3.957 billion for the year in accordance with the accounting standards.

Unit: RMB100 million

	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	2,311.27	1,409.65	901.62	64.0
Cost of sales	1,932.10	1,206.15	725.95	60.2
Gross profit	379.17	203.50	175.67	86.3
Selling, general and administrative expenses	64.87	54.47	10.40	19.1
Other gains and losses, net	-33.62	1.50	-35.12	-2,341.3
Profit from operations	280.50	150.52	129.98	86.4
Finance income	1.15	1.54	-0.39	-25.3
Finance costs	40.69	46.83	-6.14	-13.1
Profit attributable to associates and joint ventures	32.80	11.64	21.16	181.8
Profit before income tax	273.75	116.86	156.89	134.3
EBITDA	388.66	250.80	137.86	55.0
Profit attributable to the equity holders of the Company	147.15	53.54	93.61	174.8
Net cash generated from operating activities	481.06	226.32	254.74	112.6
Net cash generated from investing activities	-253.82	-142.44	-111.38	78.2
Net cash generated from financing activities	-66.97	-54.75	-12.22	22.3

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

Unit: RMB100 million

	As at 31 December 2021	As at 31 December 2020 (restated)	Compared with the end of last year	
			Increase/ decrease in amount	Increase/ decrease (%)
Assets	3,213.29	2,828.32	384.97	13.6
Liabilities	1,791.65	1,580.25	211.40	13.4
Interest-bearing debts	972.60	956.69	15.91	1.7
Equity	1,421.64	1,248.07	173.57	13.9
Equity attributable to the equity holders of the Company	1,135.50	1,018.01	117.49	11.5
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	40.6	43.4	A decrease of 2.8 percentage points	

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the year ended 31 December 2021, the Group's revenue increased from RMB140.965 billion for the year ended 31 December 2020 to RMB231.127 billion, representing an increase of RMB90.162 billion or 64.0%. The year-on-year revenue increase 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 year ended 31 December 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue before netting of inter-segmental sales			
	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	2,021.93	1,138.97	882.96	77.5
Coal chemical operations	216.70	170.54	46.16	27.1
Coal mining equipment operations	103.73	89.45	14.28	16.0
Financial operations	16.91	12.42	4.49	36.2
Other operations	83.70	70.20	13.50	19.2
Inter-segment elimination	-131.70	-71.93	-59.77	83.1
The Group	2,311.27	1,409.65	901.62	64.0

Revenue net of inter-segmental sales generated from each operating segment of the Group for the year ended 31 December 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales			
	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	1,924.09	1,097.00	827.09	75.4
Coal chemical operations	213.05	167.28	45.77	27.4
Coal mining equipment operations	88.77	77.59	11.18	14.4
Financial operations	13.07	8.38	4.69	56.0
Other operations	72.29	59.40	12.89	21.7
The Group	2,311.27	1,409.65	901.62	64.0

The proportion of revenue net of inter-segmental sales generated from each operating segment of the Group in the Group's total revenue for the year ended 31 December 2021 and the year-on-year changes are set out as follows:

	Proportion of revenue net of inter-segmental sales (%)		
	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Increase/ decrease (percentage point(s))
Coal operations	83.2	77.8	5.4
Coal chemical operations	9.2	11.9	-2.7
Coal mining equipment operations	3.8	5.5	-1.7
Financial operations	0.6	0.6	0.0
Other operations	3.2	4.2	-1.0

2. Cost of sales

For the year ended 31 December 2021, the Group's cost of sales increased by RMB72.595 billion or 60.2% from RMB120.615 billion for the year ended 31 December 2020 to RMB193.210 billion, which was mainly due to the expansion of the sales scale of the Group's coal operations and the year-on-year increase in 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 year ended 31 December 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Year-on-year	
			Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	1,695.76	988.60	707.16	71.5
Coal chemical operations	193.58	147.01	46.57	31.7
Coal mining equipment operations	86.53	75.50	11.03	14.6
Financial operations	6.01	3.93	2.08	52.9
Other operations	79.69	60.67	19.02	31.3
Inter-segment elimination	-129.47	-69.56	-59.91	86.1
The Group	1,932.10	1,206.15	725.95	60.2

3. *Gross profit and gross profit margin*

For the year ended 31 December 2021, the Group's gross profit increased by RMB17.567 billion or 86.3% from RMB20.350 billion for the year ended 31 December 2020 to RMB37.917 billion; gross profit margin increased by 2.0 percentage points from 14.4% for the year ended 31 December 2020 to 16.4%.

The gross profit and gross profit margin from each operating segment of the Group for the year ended 31 December 2021 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Gross profit			Gross profit margin (%)		
	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Increase/ decrease (%)	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Increase/ decrease (percentage point(s))
Coal operations	326.17	150.37	116.9	16.1	13.2	2.9
Coal chemical operations	23.12	23.53	-1.7	10.7	13.8	-3.1
Coal mining equipment operations	17.20	13.95	23.3	16.6	15.6	1.0
Financial operations	10.90	8.49	28.4	64.5	68.4	-3.9
Other operations	4.01	9.53	-57.9	4.8	13.6	-8.8
The Group	379.17	203.50	86.3	16.4	14.4	2.0

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

(II) Operating results of segments

1. Coal Operations Segment

(1) 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 to domestic and overseas customers (sales of self-produced commercial coal), resale of coal purchased from external enterprises to customers (sales of proprietary coal trading) and coal import and export and domestic agency services.

For the year ended 31 December 2021, for coal operations of the Group, the revenue increased by 77.5% from RMB113.897 billion for the year ended 31 December 2020 to RMB202.193 billion, and revenue net of inter-segmental sales increased by 75.4% from RMB109.70 billion for the year ended 31 December 2020 to RMB192.409 billion.

For the year ended 31 December 2021, the revenue from sales of the self-produced commercial coal of the Group increased by 45.1% from RMB49.227 billion for the year ended 31 December 2020 to RMB71.416 billion, which was mainly attributable to the year-on-year increase of RMB202/tonne in the selling price, leading to an increase of RMB22.329 billion in the sales revenue of self-produced commercial coal; the year-on-year decrease of 0.32 million tonnes in the sales volume leading to a decrease in revenue of RMB140 million. Revenue net of inter-segmental sales increased by 41.0% from RMB47.636 billion for the year ended 31 December 2020 to RMB67.179 billion.

For the year ended 31 December 2021, the revenue from sales of proprietary coal trading of the Group increased by 103.0% from RMB64.143 billion for the year ended 31 December 2020 to RMB130.207 billion, which was mainly attributable to the year-on-year increase of RMB331/tonne in the selling price leading to an increase of RMB56.066 billion in the revenue from sales of proprietary coal trading; the year-on-year increase of 22.83 million tonnes in the sales volume leading to an increase in revenue of RMB9.998 billion. Revenue net of inter-segmental sales increased by 102.4% from RMB61.616 billion for the year ended 31 December 2020 to RMB124.711 billion.

For the year ended 31 December 2021, revenue from coal agency business of the Group increased by RMB16 million from RMB18 million for the year ended 31 December 2020 to RMB34 million.

The Group's coal sales volume before netting of inter-segmental sales and selling prices for the year ended 31 December 2021 and the year-on-year changes are set out as follows:

		For the year ended 31 December 2021		For the year ended 31 December 2020		Year-on-year Increase/decrease in amount		Year-on-year Increase/ decrease	
		Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
I.	Self-produced commercial coal								
	Total	11,073	645	11,105	443	-32	202	-0.3	45.6
	(I) Thermal coal	10,037	572	9,986	402	51	170	0.5	42.3
	1. Domestic sale	10,037	572	9,977	402	60	170	0.6	42.3
	2. Export	☆	☆	9	508	-9	-	-100.0	-
	(II) Coking coal	1,036	1,355	1,119	808	-83	547	-7.4	67.7
	Domestic sale	1,036	1,355	1,119	808	-83	547	-7.4	67.7
II.	Proprietary coal trading								
	Total	16,927	769	14,644	438	2,283	331	15.6	75.6
	(I) Domestic sale	16,720	770	14,502	437	2,218	333	15.3	76.2
	(II) Self-operated export*	38	1,455	21	1,062	17	393	81.0	37.0
	(III) Import trading	169	496	121	402	48	94	39.7	23.4
III.	Import and export and domestic agency★								
	Total	1,117	3	795	2	322	1	40.5	50.0
	(I) Import agency	1	6	17	4	-16	2	-94.1	50.0
	(II) Export agency	10	7	95	7	-85	0	-89.5	0.0
	(III) Domestic agency	1,106	3	683	2	423	1	61.9	50.0

* : 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 17.85 million tonnes for 2021 and 13.25 million tonnes for 2020.

(2) *Cost of sales*

For the year ended 31 December 2021, the Group's cost of sales of coal operations increased by 71.5% from RMB98.860 billion for the year ended 31 December 2020 to RMB169.576 billion, which was mainly attributable to the year-on-year increase in the sales volume of the purchased coal and the increase of procurement cost leading to a year-on-year increase in the cost of proprietary coal trading by RMB65.777 billion. 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 year ended 31 December 2021		For the year ended 31 December 2020 (restated)		Year-on-year Increase/decrease	
	Amount	Percentage (%)	Amount	Percentage (%)	In amount	Increase/decrease (%)
Materials costs	67.68	4.0	62.80	6.4	4.88	7.8
Proprietary coal trading cost ☆	1,275.12	75.2	617.35	62.4	657.77	106.5
Staff costs	48.11	2.8	33.46	3.4	14.65	43.8
Depreciation and amortisation	65.29	3.9	59.67	6.0	5.62	9.4
Repairs and maintenance	16.24	1.0	13.44	1.4	2.80	20.8
Transportation costs and port expenses	96.49	5.7	108.84	11.0	-12.35	-11.3
Sales taxes and surcharges	54.03	3.2	32.24	3.3	21.79	67.6
Outsourcing mining engineering fees	39.47	2.3	34.24	3.5	5.23	15.3
Other costs ★	33.33	1.9	26.56	2.6	6.77	25.5
Total cost of sales for coal operations	1,695.76	100.0	988.60	100.0	707.16	71.5

☆: This cost does not include transportation costs and port expenses related to proprietary coal trading which amount to RMB1.906 billion for 2021 and RMB1.961 billion for 2020 and are set out in the item of transportation costs and port expenses.

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

The composition of the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2021, and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the year ended 31 December 2021		For the year ended 31 December 2020 (restated)		Year-on-year	
		Percentage (%)		Percentage (%)	Increase/decrease in amount	Increase/decrease (%)
Materials costs	61.12	17.1	56.55	18.1	4.57	8.1
Staff costs	43.44	12.1	30.13	9.6	13.31	44.2
Depreciation and amortisation	58.96	16.5	53.73	17.2	5.23	9.7
Repairs and maintenance	14.67	4.1	12.11	3.9	2.56	21.1
Transportation costs and port expenses	69.93	19.5	80.35	25.7	-10.42	-13.0
Sales taxes and surcharges	48.79	13.6	29.03	9.3	19.76	68.1
Outsourcing mining engineering fees	35.65	10.0	30.83	9.9	4.82	15.6
Other costs	25.52	7.1	19.67	6.3	5.85	29.7
Total unit cost of sales of self-produced commercial coal	358.08	100.0	312.40	100.0	45.68	14.6

For the year ended 31 December 2021, the Group's unit cost of sales of self-produced commercial coal amounted to RMB358.08/tonne, representing a year-on-year increase of RMB45.68/tonne or 14.6%, which was mainly due to the following reasons: the Group strengthened stripping of open-pit mines and excavation of underground mines, resulting in the increase in material consumption and mining engineering volume for continuous production, and the increase in the purchase price of diesel and electricity led to a year-on-year increase in unit material costs and outsourcing mining engineering fees; 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 previous year to support pandemic prevention and control, such as the temporary 50% reduction in social security expenses, were no longer implemented in this year, leading to a year-on-year increase in unit staff costs; the Group increased investment in safe production and construction of intelligent coal mines, and the increase in disposal costs related to environmental governance and restoration led to the increase of the original value of fixed assets accordingly, resulting in a year-on-year increase in unit depreciation and amortisation; the increase in the daily repair and maintenance expenses of equipment related to the long-term operation of each mine of the Group, resulting in a year-on-year increase in unit repairs and maintenance; 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; and the year-on-year increase in selling price and gross profit margin of self-produced commercial coal of the Group resulted in a year-on-year increase in unit sales taxes and surcharges. Besides, the year-on-year increase in production related sporadic engineering expenditure and auxiliary expenses in other costs of the Group, as well as the year-on-year increase in provision for impairment losses on inventories led to a year-on-year increase in unit other costs.

(3) Gross profit and gross profit margin

For the year ended 31 December 2021, sales scale of coal of the Group expanded and the market selling price increased significantly. Gross profit from coal operations segment increased by 116.9% from RMB15.037 billion for the year ended 31 December 2020 to RMB32.617 billion, while gross profit margin increased by 2.9 percentage points from 13.2% for the year ended 31 December 2020 to 16.1%. In particular, the gross profit of self-produced commercial coal recorded a year-on-year increase of RMB17.231 billion, and the gross profit margin recorded a year-on-year increase of 15.0 percentage points.

2. Coal Chemical Operations Segment

(1) Revenue

For the year ended 31 December 2021, the revenue from coal chemical operations of the Group increased by 27.1% from RMB17.054 billion for the year ended 31 December 2020 to RMB21.670 billion; revenue net of inter-segmental sales increased by 27.4% from RMB16.728 billion for the year ended 31 December 2020 to RMB21.305 billion, which was mainly attributable to the significant increase in selling price of coal chemical products.

The sales volume and selling prices of the major coal chemical products of the Group for the year ended 31 December 2021 and the year-on-year changes are set out as follows:

	For the year ended		For the year ended		Year-on-year		Year-on-year	
	31 December 2021		31 December 2020		Increase/decrease in amount		Increase/decrease	
	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price
	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(10,000 tonnes)	(RMB/tonne)	(%)	(%)
I. Polyolefin	146.2	7,521	147.4	6,385	-1.2	1,136	-0.8	17.8
1. Polyethylene	73.4	7,455	74.5	6,121	-1.1	1,334	-1.5	21.8
2. Polypropylene	72.8	7,587	72.9	6,655	-0.1	932	-0.1	14.0
II. Urea	221.3	2,228	224.8	1,625	-3.5	603	-1.6	37.1
III. Methanol	124.6	1,870	68.8	1,332	55.8	538	81.1	40.4
Inter-segment self-consumption volume Δ	81.5	1,846	65.3	1,324	16.2	522	24.8	39.4
External sales	43.1	1,915	3.5	1,487	39.6	428	1,131.4	28.8

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

Besides, leveraging on channel advantage, the Group commenced the business of procurement of polyolefin from third parties and sales to its customers. For the year ended 31 December 2021, the procurement and sales volume of polyolefin amounted to 107,800 tonnes, realising sales revenue of RMB884 million.

(2) *Cost of sales*

For the year ended 31 December 2021, cost of sales for the coal chemical operations of the Group increased by 31.7% from RMB14.701 billion for the year ended 31 December 2020 to RMB19.358 billion, which was mainly attributable to the increase in the purchase price of raw material coal and fuel coal, leading to the year-on-year increase of RMB4.362 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	Percentage	For the	Percentage	Year-on-year	
	year ended		year ended		Increase/	Increase/
	31 December	(%)	31 December	(%)	decrease	decrease
	2021	(%)	2020	(%)	in amount	(%)
Materials costs (excluding cost of polyolefin in proprietary trading)	117.89	60.9	74.27	50.5	43.62	58.7
Cost of polyolefin in proprietary trading	8.76	4.5	10.06	6.8	-1.30	-12.9
Staff costs	10.73	5.5	7.36	5.0	3.37	45.8
Depreciation and amortisation	27.81	14.4	25.89	17.6	1.92	7.4
Repairs and maintenance	7.59	3.9	7.03	4.8	0.56	8.0
Transportation costs and port expenses	9.09	4.7	9.09	6.2	0.00	0.0
Sales taxes and surcharges	3.07	1.6	3.03	2.1	0.04	1.3
Other costs	8.64	4.5	10.28	7.0	-1.64	-16.0
Total cost of sales for coal chemical operations	193.58	100.0	147.01	100.0	46.57	31.7

The unit cost of sales of the major self-produced coal chemical products of the Group for the year ended 31 December 2021 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the	For the	Year-on-year	
	year ended	year ended	Increase/	Increase/
	31 December	31 December	decrease	decrease
	2021	2020	in amount	(%)
		(restated)		
I. Polyolefin	6,927	5,535	1,392	25.1
1. Polyethylene	6,913	5,617	1,296	23.1
2. Polypropylene	6,942	5,452	1,490	27.3
II. Urea	1,688	1,334	354	26.5
III. Methanol	1,922	1,368	554	40.5

(3) Gross profit and gross profit margin

For the year ended 31 December 2021, the gross profit of the Group's coal chemical operations decreased by 1.7% from RMB2.353 billion for the year ended 31 December 2020 to RMB2.312 billion, while gross profit margin decreased by 3.1 percentage points from 13.8% for the year ended 31 December 2020 to 10.7%, which was mainly affected by the significant increase in the purchase price of raw material coal and fuel coal.

3. Coal Mining Equipment Operations Segment

(1) Revenue

For the year ended 31 December 2021, the Group's revenue from coal mining equipment operations increased by 16.0% from RMB8.945 billion for the year ended 31 December 2020 to RMB10.373 billion, revenue net of other inter-segmental sales increased by 14.4% from RMB7.759 billion for the year ended 31 December 2020 to RMB8.877 billion, which was mainly attributable to, among others, the further optimisation of product structure and the increase in demand for relevant products driven by the coal mine intelligent upgrading and modification.

(2) *Cost of sales*

For the year ended 31 December 2021, the Group's cost of sales for the coal mining equipment operations increased by 14.6% from RMB7.550 billion for the year ended 31 December 2020 to RMB8.653 billion. The composition of the Group's cost of sales for the coal mining equipment operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the	Percentage	For the	Percentage	Year-on-year	
	year ended		year ended		Increase/	Increase/
	31 December	(%)	31 December	(%)	decrease	decrease
	2021	(%)	2020	(%)	in amount	(%)
Material costs	61.63	71.2	53.94	71.4	7.69	14.3
Staff costs	8.04	9.3	7.04	9.3	1.00	14.2
Depreciation and amortisation	3.83	4.4	4.07	5.4	-0.24	-5.9
Repairs and maintenance	0.90	1.1	1.13	1.5	-0.23	-20.4
Transportation costs	1.51	1.7	1.23	1.6	0.28	22.8
Sales taxes and surcharges	0.38	0.4	0.40	0.5	-0.02	-5.0
Other costs	10.24	11.9	7.69	10.3	2.55	33.2
Total cost of sales for coal mining equipment operations	86.53	100.0	75.50	100.0	11.03	14.6

(3) *Gross profit and gross profit margin*

For the year ended 31 December 2021, the gross profit of the Group's coal mining equipment operations segment increased by 23.3% from RMB1.395 billion for the year ended 31 December 2020 to RMB1.720 billion; and the gross profit margin increased by 1.0 percentage point from 15.6% for the year ended 31 December 2020 to 16.6%, which was mainly attributable to, among others, further optimisation of the product structure.

4. *Financial Operations Segment*

For financial operations, which is mainly engaged by Finance Company, the Group deepened lean management concept, 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 enhanced detailed operations of interbank deposits by dynamically optimising and adjusting deposits deployment strategies at appropriate times, thereby realising higher revenue and profits. For the year ended 31 December 2021, revenue of financial operations of the Group increased by 36.2% from RMB1.242 billion for the year ended 31 December 2020 to RMB1.691 billion; revenue net of inter-segmental sales increased by 56.0% from RMB838 million for the year ended 31 December 2020 to RMB1,307 million. Cost of sales increased by 52.9% from RMB393 million for the year ended 31 December 2020 to RMB601 million. Gross profit increased by 28.4% from RMB849 million for the year ended 31 December 2020 to RMB1,090 million. Gross profit margin decreased by 3.9 percentage points from 68.4% for the year ended 31 December 2020 to 64.5%.

5. *Other Operations Segment*

Other operations segment of the Group mainly includes thermal power generation, aluminium processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. Key power generation projects including the Project of Xingjiang Zhudong Wucai Bay 2x660MW North Second Power Plant and the 2x350MW thermal power project by Shanghai Energy Company of the Group maintained stable operation, and the aluminium processing business expanded its production and sales scale and recorded an increase in the selling price of products. For the year ended 31 December 2021, the revenue from other operations segment increased by 19.2% from RMB7.020 billion for the year ended 31 December 2020 to RMB8.370 billion; revenue net of inter-segmental sales increased by 21.7% from RMB5.940 billion for the year ended 31 December 2020 to RMB7.229 billion; cost of sales increased by 31.3% from RMB6.067 billion for the year ended 31 December 2020 to RMB7.969 billion. Affected by the year-on-year surge of coal price as well as the year-on-year decrease in the gross profit and gross profit margin of power generation operations, gross profit of the Group's other operations segment decreased by 57.9% from RMB953 million for the year ended 31 December 2020 to RMB401 million; gross profit margin decreased by 8.8 percentage points from 13.6% for the year ended 31 December 2020 to 4.8%.

(III) Selling, general and administrative expenses

For the year ended 31 December 2021, the Group's selling, general and administrative expenses increased by 19.1% from RMB5.447 billion for the year ended 31 December 2020 to RMB6.487 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.

(IV) Finance income and finance costs

For the year ended 31 December 2021, the Group's net finance costs decreased by 12.7% from RMB4.529 billion for the year ended 31 December 2020 to RMB3.954 billion, which was mainly attributable to the Group's continual optimisation of debt structure that has further lowered integrated capital cost.

(V) Share of profits of associates and joint ventures

For the year ended 31 December 2021, the Group's share of profits of associates and joint ventures increased by 181.8% from RMB1.164 billion for the year ended 31 December 2020 to RMB3.280 billion, which was mainly attributable to the year-on-year substantial increase in market price of coal and coal chemical products, leading to the year-on-year increase in the profits of associates and joint ventures and thus the corresponding increase in the Group's share of profits of associates and joint ventures recognised in accordance with its shareholding.

(VI) Other gains and losses, net

For the year ended 31 December 2021, other net gains and losses of the Group decreased by RMB3.512 billion from RMB150 million for the year ended 31 December 2020 to RMB-3.362 billion, which was mainly attributable to the increase in provision of asset impairment loss recognised based on the assessment results conducted by the Group on assets that showed signs of impairment according to accounting standards. In particular, while the advanced production capacity was released in an orderly manner, the Company decided to close Beiling Coal Mine of Pingshuo Group which was found to have relatively high safety risk after completion of the mining of the existing working face, and made provision for impairment loss of RMB780 million accordingly based on the impairment test results. Due to the deep burial of resources and the deterioration of underground geological conditions, Kongzhuang Coal Mine of Shanghai Energy Company currently has lower output compared with its production capacity, lower coal quality, and thus higher mining costs, hence relevant assets show impairment signs and the provision for impairment loss of RMB549 million was made based on the impairment test results. Affected by the increase in fuel coal prices, Wangjialing Power Plant and Jincheng Thermal Power Plant of China Coal Huajin Company and Dongpo Company Power Plant of Pingshuo Group recorded operating losses, hence the provision for impairment loss of RMB1.234 billion was made according to the impairment test results. Also, the provision for impairment loss of idle equipment of RMB308 million was made based on the impairment test results. No. 10 Dananhu Coal Mine and Zhundongzhang Nandong Mining Area Project of Hami Coal Industry Company have not been included in the development plan of the region where they are located, and they have longer construction period, so the provision for impairment loss of RMB742 million was made for the construction in progress whose recoverable amount is lower than the carrying amount, such as the preliminary shaft and roadway construction and related expenses.

III. CASH FLOW

As at 31 December 2021, the balance of the Group's cash and cash equivalents amounted to RMB31.095 billion, representing a net increase of RMB16.053 billion as compared to RMB15.042 billion as at 31 December 2020.

Net cash inflow generated from operating activities increased by RMB25.474 billion from RMB22.632 billion for the year ended 31 December 2020 to RMB48.106 billion, which was mainly attributable to the combined effect of 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 RMB13.687 billion as well as the year-on-year increase of RMB11.787 billion in cash inflow generated from deposits absorbed from members other than China Coal Energy by Finance Company.

Net cash outflow in investing activities increased by RMB11.138 billion from RMB14.244 billion for the year ended 31 December 2020 to RMB25.382 billion, which was mainly attributable to the combined effect of the year-on-year increase of RMB13.056 billion in cash outflow arising from the change in term deposits with an initial deposit period of more than three months, the year-on-year increase of RMB340 million in cash utilised as capital expenditure, the year-on-year increase of RMB2.623 billion in cash inflow generated from the recovery of self-operated loans provided to members other than China Coal Energy by Finance Company, the year-on-year increase of RMB756 million in cash dividends received from associates and joint ventures, the contribution and compensation of RMB573 million recovered from Jinchang Mining and Yushuo Mining for cooperative investment during the period, the entrusted loans recovered by Pingshuo Group from Sujin Shuozhou Coal Gangue Power Generation Company Limited (originally named China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited) last year, and the year-on-year decrease of RMB1.964 billion in cash inflow in respect of the difference in gain from granting the mining rights of Libi Coal Mine compensated by China Coal Group to Huajin Group.

Net cash outflow generated from financing activities increased by RMB1.222 billion from RMB5.475 billion for the year ended 31 December 2020 to RMB6.697 billion, which was mainly attributable to the combined effect of the year-on-year increase of RMB1.383 billion in consideration paid by the Company for the merger of enterprises under common control in the current period, and the year-on-year increase in cash received by the subsidiaries of the Company from the investment of minority shareholders in the current period.

IV. SOURCES OF CAPITAL

For the year ended 31 December 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 when they became due 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 international and domestic capital markets, relevant banking facilities obtained and the issue amount of bonds approved but not utilised will provide sufficient capital funds for future production and operating activities as well as project construction.

V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

As at 31 December 2021, the net value of property, plant and equipment of the Group amounted to RMB128.763 billion, representing a net decrease of RMB5.243 billion or 3.9% as compared to RMB134.006 billion as at 31 December 2020, among which, the net value of buildings was RMB33.399 billion, accounting for 25.9%; that of mining structure was RMB27.397 billion, accounting for 21.3%; that of plant, machinery and equipment was RMB43.649 billion, accounting for 33.9%; that of construction in progress was RMB19.118 billion, accounting for 14.8%; and that of railways, transportation vehicles and other was RMB5.20 billion, accounting for 4.1%.

(II) Mining rights

As at 31 December 2021, the net value of the Group's mining rights amounted to RMB43.070 billion, representing a net increase of RMB298 million or 0.7% as compared to RMB42.772 billion as at 31 December 2020, which was mainly attributable to the combined effect of the recognition of the proceeds from transfer of mining rights in accordance with China's relevant policy by the coal production enterprises of the Group, and the amortisation of mining rights for the current period.

(III) Investments in associates and joint ventures

As at 31 December 2021, the net value of the Group's investment in associates and joint ventures amounted to RMB26.687 billion, representing a net increase of RMB2.823 billion or 11.8% as compared to RMB23.864 billion as at 31 December 2020, which was mainly attributable to the combined effect of the share of profits of associates and joint ventures recognized by the Group and the receipt of dividends distributed by associates and joint ventures.

(IV) Other non-current assets

As at 31 December 2021, the net value of other non-current assets of the Group was RMB3.855 billion, representing a net decrease of RMB2.965 billion or 43.5% as compared to RMB6.820 billion as at 31 December 2020, which was mainly affected by the decrease in medium and long-term loans provided to members other than China Coal Energy Finance Company.

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

As at 31 December 2021, the Group's net value of debt instruments at fair value through other comprehensive income was RMB5.926 billion, representing a net increase of RMB2.405 billion or 68.3% 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.

(VI) Borrowings

As at 31 December 2021, the balance of borrowings of the Group amounted to RMB73.023 billion, representing a net increase of RMB4.365 billion or 6.4% as compared to RMB68.658 billion as at 31 December 2020, which was mainly attributable to the increase in long-term borrowings resulting from the project loans implemented according to the annual financing plan by the Group, among which, the balance of long-term borrowings (including long-term borrowings due within one year) was RMB72.441 billion, representing a net increase of RMB5.452 billion as compared to RMB66.989 billion as at 31 December 2020; and the balance of short-term borrowings amounted to RMB582 million, representing a net decrease of RMB1.087 billion as compared to RMB1.669 billion as at 31 December 2020.

(VII) Contract liabilities

As at 31 December 2021, the balance of contract liabilities of the Group amounted to RMB5.177 billion, representing a net increase of RMB1.571 billion or 43.6% as compared to RMB3.606 billion as at 31 December 2020, which was mainly attributable to the increase in sales receipts in advance.

(VIII) Accruals, advances and other payables

As at 31 December 2021, the balance of accruals, advances and other payables of the Group amounted to RMB29.829 billion, representing a net increase of RMB13.128 billion or 78.6% as compared to RMB16.701 billion as at 31 December 2020, which was mainly attributable to the combined effect of the increase in deposits absorbed from members other than China Coal Energy by Finance Company, the increase of value added tax, resource tax as a result of the increase in revenue of the Group and the increased withdrawal of unpaid performance-based salary at the end of the year in light of the economic benefits.

(IX) Taxes payable

As at 31 December 2021, the balance of taxes payable of the Group amounted to RMB3.176 billion, representing a net increase of RMB2.461 billion or 344.2% as compared to RMB0.715 billion as at 31 December 2020, which was mainly attributable to the substantial increase in the Group's profit before income tax that increased the enterprise income tax payable.

(X) Long-term bonds

As at 31 December 2021, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB24.237 billion, representing a net decrease of RMB2.774 billion or 10.3% as compared to RMB27.011 billion as at 31 December 2020, which was mainly attributable to the combined effect of the issuance of medium-term notes as planned and the repurchase of corporate bonds with an exercisable coupon rate adjustment option upon 3 years.

(XI) Deferred income

As at 31 December 2021, the balance of the deferred income of the Group amounted to RMB2.342 billion, representing a net increase of RMB869 million or 59.0% as compared to RMB1.473 billion as at 31 December 2020, which was mainly attributable to the increase in government subsidies related to assets.

VI. EQUITY

As at 31 December 2021, the equity of the Group was RMB142.164 billion, representing an increase of RMB17.357 billion or 13.9% from RMB124.807 billion as at 31 December 2020, among which, the equity attributable to the equity holders of the Company was RMB113.550 billion, representing an increase of RMB11.749 billion or 11.5% from RMB101.801 billion as at 31 December 2020. The items under the equity subject to significant change are analysed as below:

(I) Reserve

As at 31 December 2021, the reserve of the Group was RMB49.196 billion, representing an increase of RMB1.061 billion or 2.2% from RMB48.135 billion as at 31 December 2020, which was mainly attributable to the increase in balances of special funds such as safety fund and maintenance fee.

(II) Retained earnings

As at 31 December 2021, the retained earnings of the Group was RMB51.096 billion, representing an increase of RMB10.688 billion or 26.5% from RMB40.408 billion as at 31 December 2020, which was mainly because of the combined effect of the Group's profit attributable to the equity holders of the Company for the reporting period of RMB14.715 billion, the decrease of RMB1.777 billion for distribution of dividends in 2020, the decrease in provision of RMB1.472 billion for adjusted unutilised special fund, and the decrease of RMB778 million for the provision of the surplus reserve and the reserve for general risk.

VII. OVERSEAS ASSETS

At the end of the reporting period, total assets of the Group amounted to RMB321.329 billion, representing an increase of RMB38.497 billion or 13.6% as compared to the beginning of the year, among which, overseas assets amounted to RMB554 million, accounting for 0.17% of total assets. During the reporting period, there were no material change in the Group's overseas assets.

VIII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have significant charge of assets during the reporting period. As at 31 December 2021, the book value of the Group's charge of assets amounted to RMB1.360 billion, of which the book value of pledged assets was RMB236 million and the book value of mortgaged assets was RMB1.124 billion.

IX. SIGNIFICANT INVESTMENT

The Group had no significant investment during the reporting period.

X. MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have material acquisitions and disposals in relation to subsidiaries, associates and joint ventures during the reporting period.

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

As of 31 December 2021, the Company 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. ISSUES, DIFFICULTIES AND RISKS ARISING FROM THE OPERATION OF THE COMPANY AND RELEVANT STRATEGIES AND MEASURES

(1) Risks of Fluctuation in Macro Economy

The coal industry is a fundamental sector of the Chinese economy, which is closely linked to the macro economy and significantly affected by other relevant industries including electricity, metallurgy, construction materials and chemical industry. Currently, owing to the complicated and harsh circumstances of the world economy, there are still many unstable factors affecting the macro economy, which may have certain impacts on the operating results of the Company. In addition, changes in the national industrial policies, adjustment to the environmental protection criteria, public health emergencies and other factors may also affect the production and operation of the Company. The Company will adhere to its strategic goals of continuing to optimise its industrial layout and expediting the industry structure adjustments by executing strict budget planning, strengthening regular monitoring and analysis, and enhancing risk management so as to strive to achieve stable and orderly production and operation.

(2) Risks of Fluctuation in Product Prices

Due to various factors such as demand and supply, characteristics of products, transportation capacity and weather, it remains difficult to accurately determine the trend of prices of coal and coal chemical products. The volatility in international crude oil prices significantly affects the prices of domestic chemical products, which further poses a certain impact on the profit margin of the coal chemical products of the Company. The Company will enhance market research and judgement, flexibly adjust its marketing strategy and increase the profitability of its products.

(3) Risks of Safe Production

Affected by factors such as natural conditions and characteristics of production, the production processes of coal mining and coal chemical products involve higher safety risks which make safety management more difficult. The Company continues to improve the safety management and risk prevention system, vigorously promotes safe and efficient construction of coal mines and upgrades the level of automatic production. Meanwhile, the Company makes great efforts to ensure the safe operation at every production stage by laying emphasis on the enhancement of system protection capacity and the launch of special projects regularly to address major disasters.

(4) Risks of Project Investment

New investment projects normally require longer time from the feasibility study to effective production. Due to the uncertainty in the approval process and constant changes in the industry of the projects and related industries, the date of completion of the projects and the actual yield of the projects after they are put into operation may be different from the expectation to a certain extent. The Company will strengthen the preliminary project work by expediting relevant procedures and ensuring rational investment scale and pace so as to control investment costs and avoid investment risks.

(5) Risks of Environmental Protection

The production of coal and coal chemical as well as power generation may affect the ecological environment to a certain extent. The Company has implemented the national decisions and deployment on the construction of ecological culture, and voluntarily put the concept of green development into practice. By continuously perfecting the ecological and environmental protection management and control structure and constantly conducting pollution governance, emission reduction and ecology governance, the Company has strengthened daily supervision and checks to effectively prevent various types of ecological and environmental risks.

(6) Risks of Rising Costs

In recent years, the pressure of coal cost control has been relatively great due to factors such as complex coal mining conditions, increasing investments in the maintenance of large equipment, safety and environmental protection, decrease in the production volume of certain mines, and price surge of bulk commodities. The Company will continue to exert greater effort in cost control by adopting new technologies, new working processes and new equipment in an active manner, optimising production layout, improving production efficiency and reducing material purchase costs and unit consumption level to prevent cost increases.

(7) Risks of Foreign Exchange Rate

The export sales of the Company are generally settled in US dollars. Meanwhile, the Company needs foreign currencies, mainly US dollars, to pay for imported equipment and spare parts. The fluctuations in the exchange rate of a foreign currency against RMB have both favourable and unfavourable influences on the operating results of the Company. The Company will enhance the effort to research and judge the trend of the global exchange market, effectively control and prevent the risks of foreign exchange rate by using various financial instruments.

XIII. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 31 December 2021, the Group provided guarantees of RMB9.920 billion in total, of which guarantees of RMB7.820 billion were provided to the associates and joint ventures in proportion to the Group's shareholdings.

(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

In December 2009, the Company acquired 51% equity interests in Yihua Mining through market acquisition and capital increase and share expansion, which are held till now. In December 2009, the Company acquired 51% equity interests in Mengda Mining through market acquisition and capital increase and share expansion, and upon the acquisition of 15% equity interests in Mengda Mining in April 2012, 66% equity interests in Mengda Mining were acquired in aggregate, which are held till now. From 2010 to 2011, the Company acquired 78.84% equity interests in Yinhe Hongtai Company in aggregate through numerous market acquisition, which are held till now.

In 2021, Wushenqi State-owned Company sued Yihua Mining, Mengda Mining and Yinhe Hongtai Company, and claimed void the pricing terms in the "Transfer Contract on Mining Right of Muduchaideng Mine" entered with Yihua Mining on 25 December 2008, the "Transfer Contract on Mining Right of Nalin River No.2 Mine" entered with Mengda Mining on 25 December 2008 and the "Transfer Contract on Mining Right" entered into with Yinhe Hongtai Company on 26 July 2007, and under the cause of violation of the minimum transfer price for quality thermal coal in Inner Mongolia Autonomous Region by the mining rights acquired by these three mining companies from Wushenqi State-owned Company, and demanded these three mining companies to make up the respective price difference for the transfer of mining rights to Wushenqi State-owned Company.

Upon receiving the respective complaints, the Company attached great importance thereon and established a dedicated task force to guide and supervise Yihua Mining, Mengda Mining and Yinhe Hongtai Company on actively preparing for the lawsuit while maintaining close communication with relevant parties to fully safeguard the interests of the Company in accordance with laws and regulations. In the mid-January 2022, Ordos Intermediate People's Court made the first-instance judgement for these three cases, and judged that the pricing term of the "Transfer Contract on Mining Right of Muduchaideng Mine" entered between Yihua Mining and Wushenqi State-

owned Company was void, where Yihua Mining shall pay the price difference for the transfer of mining right of RMB1,454.286 million to Wushenqi State-owned Company; judged that the pricing term of the “Transfer Contract on Mining Right of Nalin River No.2 Mine” entered between Mengda Mining and Wushenqi State-owned Company was void, where Mengda Mining shall pay the price difference for the transfer of mining right of RMB2,223.5238 million to Wushenqi State-owned Company; judged that the pricing term of the “Transfer Contract on Mining Right” entered into between Yinhe Hongtai Company and Wushenqi State-owned Company was void, where Yinhe Hongtai Company shall pay the price difference for the transfer of mining right of RMB1,623.143 million.

For the first-instance judgement of the respective cases, the three mining companies have made appeal to Inner Mongolia Autonomous Region Supreme People’s Court, and the second-instance trial has not been commenced as of this moment. The respective cases would not constitute any material impact on the production and operation and financial condition of these companies. Adhering to the principle of respecting history and complying laws and regulations, the Company will implement various measures and actively plan ahead to organise involved enterprises to conduct relevant consequential work, thereby fully safeguarding the legal interest of the Company.

For the year ended 31 December 2021, the Group was not involved in any other material litigation or arbitration which constitutes a material impact of the Company’s production and operation and financial position, and to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

BUSINESS PERFORMANCE

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2021

(1) Coal Operations

1. Coal production

In 2021, the Group enhanced its organisation for production, optimised its production system, and continuously increased its unit production and input level. By increasing its efforts on unleashing the production capacity of open pit coal mines and newly built massive coal mines in Inner Mongolia and Shaanxi regions which have ample resources, rich reserves and sound systems, the Group strived to increase the production volume of quality coal and placed full efforts on increasing production for securing supply and stabilising price. Hence, the Group has played a critical role and acted as a pillar in securing energy supply and produced 112.74 million tonnes of commercial coal, representing an increase of 2.73 million tonnes or 2.5% compared with 110.01 million tonnes last year. Accelerating intelligent coal construction, 35 intelligent coal mining working faces have been built, thereby accomplishing reduction of manual operation and efficiency enhancement via intelligent mining. In 2021, raw coal productivity was 37.3 tonnes per worker-shift, maintaining a leading level in the coal industry.

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

Item	2021	2020	Change (%)
Production volume of commercial coal	11,274	11,001	2.5
By region:			
Shanxi	8,273	8,164	1.3
Inner Mongolia and Shaanxi	2,331	2,118	10.1
Jiangsu	520	625	-16.8
Xinjiang	150	94	59.6
By coal type:			
Thermal coal	10,238	9,894	3.5
Coking coal	1,036	1,107	-6.4

2. Coal sales

The Group conscientiously executed the requirements of securing energy supply by the government, strictly implemented the long and medium term coal contract mechanism, proactively executed measures on increasing production and sales volume and stabilising supply and price, hence making great contribution to secure energy supply of the country and maintain economic and social stability. In 2021, by leveraging advantages of centralised sales of self-produced coal and nationwide marketing network, the Group proactively established a modern management system for coal sales with “extensive and unified sales as well as complete supervision”. The Group continued to optimise its market deployment and customer structure, penetrated into traditional southeastern costal markets, edged up exploring market share in inland regions such as central and western China, and fully consolidated its channel for external procurement of coal resources and business scale. With further increase in China Coal’s brand advantage, market discourse power and influence, the sales volume of commercial coal reached a historical high record again. The cumulative sales volume of commercial coal was 291.17 million tonnes for the year, representing a year-on-year increase of 9.7%.

Table on Coal Sales

Unit: 10 thousand tonnes

Item	2021	2020	Change (%)
Sales volume of commercial coal	29,117	26,544	9.7
By business type:			
Self-produced coal sales	11,073	11,105	-0.3
Proprietary coal trading sales	16,927	14,644	15.6
Agency sales	1,117	795	40.5
By sales region:			
North China	10,007	9,691	3.3
East China	9,839	9,412	4.5
South China	4,270	3,718	14.8
Central China	2,408	1,790	34.5
Other regions	2,593	1,933	34.1

3. Coal reserve

Unit: 100 million tonnes

Major mining areas	Major coal type	Resource reserve	Verified reserve
Shanxi	Thermal coal	85.08	31.40
	Coking coal	19.77	9.89
	Anthracite	9.13	3.78
Inner Mongolia	Thermal coal	87.83	54.86
Heilongjiang	Thermal coal	3.09	1.36
Jiangsu	Thermal coal	5.94	2.18
	Coking coal	1.16	0.35
Shaanxi	Thermal coal	51.64	35.20
Xinjiang	Thermal coal	6.55	3.53
Total	–	270.19	142.55

As of the end of 2021, the Company's coal resources with self-owned mining rights amounted to 27.019 billion tonnes and verified reserve amounted to 14.255 billion tonnes. Resources utilised during the year amounted to 176 million tonnes.

(2) Coal Chemical Operations

In 2021, the Group kept enhancing its production organisation and management. Through professional management measures such as optimising operation, technological modification and enhanced management, the Group continued to maintain stable device operation to realise safe, stable and high-load production, with coal chemical operation reaching another new high. During the year, the production volume of major coal chemical products was 4.772 million tonnes, representing a year-on-year increase of 18.1%. In active response to adverse factors such as significant fluctuation of product prices, extreme weather in certain periods and shortage of railway capacity, the Group adjusted its marketing strategy in a flexible manner while continuously optimised its customer structure. By optimising warehouse deployment in different places and enhancing market radiation and product delivery capability, customer satisfaction was raised and thus all coal chemical products manufactured were sold. During the year, sales volume of major coal chemical products was 4.921 million tonnes, representing a year-on-year increase of 11.6%. Besides, the Group strictly implemented national policies related to securing supply and stabilizing price of chemical fertilizers, formulated measures to keep urea supply and price stable to actively contribute to food safety of the country.

Table on Production and Sales Volume of Major Coal Chemical Products

Unit: 10 thousand tonnes

Item	2021	2020	Change (%)
Polyolefin			
Polyethylene production volume	74.0	74.3	-0.4
Sales volume	73.4	74.5	-1.5
Polypropylene production volume	72.4	72.1	0.4
Sales volume	72.8	72.9	-0.1
Urea			
Production volume	204.9	188.6	8.6
Sales volume	221.3	224.8	-1.6
Methanol			
Production volume	125.9	69.0	82.5
Sales volume	124.6	68.8	81.1

Notes:

1. The process for manufacturing the Group's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas (CO+H₂), which is then purified to produce synthetic ammonia or methanol. Synthetic ammonia and carbon dioxide are used to produce urea. Through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene.
2. The urea sales volume of the Group includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group.
3. The methanol sales volume of the Group includes internal consumption volume.

The Group has established three dedicated coal chemical research institutes to construct an innovative platform, speed up the training of key technical personnel and constantly improve technological innovation capabilities. The Company worked on product differentiation and product chain extension based on its existing process to fulfil the national strategic requirements to ensure food security and strengthen the protection of cultivated land. During the reporting period, the Company produced 93 thousand tonnes of various products of urea granules containing polyglutamic acid. The Company produced and developed modified polyolefin products in accordance with the market-oriented principle. The production of 137 thousand tonnes of various polyolefin products during the reporting period further increased the core competitiveness of coal chemical products.

(3) Coal Mining Equipment Operations

In 2021, the Group continuously optimised the organisation of production, and strengthened the precise connection with marketing and production and manufacture, production technology preparation and resources supply assurance, thus the preparation time for preliminary stage of production technology such as ordering and design was shortened, and production efficiency was greatly enhanced. The aggregate production value of coal mining equipment amounted to RMB9.46 billion, representing a year-on-year increase of 8.7%. 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. With active efforts on entering into contracts and developing new users, accumulative value of new contracts increased by 22.6% year on year. The Company 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 tunnel boring machines, wind power maintenance and other transformation equipment continued to expand. The Company strove to build a marketing structure for diversified products and continued to expand market boundaries. Revenue from accessories and non-coal business accounted for 51.2% of the total.

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

Product types	Production value			Revenue	
	2021	2020	Change (%)	2021	Percentage of revenue of the coal mining equipment segment (%)
Main conveyor products	41.2	37.5	9.9	40.3	38.9
Main support products	34.0	31.5	7.9	33.4	32.2
Others	19.4	18.0	7.8	30.0	28.9
Total	94.6	87.0	8.7	103.7	100.0

(4) Financial Service 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 management of its daily capital planning, 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 optimized credit capital and resources allocation and supported its industry structure adjustments. As at the end of 2021, scale of deposits absorbed amounted to RMB70.76 billion, representing a year-on-year increase of 97.5%; placement of interbank deposits amounted to RMB61.01 billion, representing a year-on-year increase of 144.0%; scale of daily average self-operated loans for the year amounted to RMB13.57 billion, representing a year-on-year increase of 2.8%, all hitting the highest level in the history.

Table on Financial Operations

Unit: RMB100 million

Business types	As at 31 December 2021/2021	As at 31 December 2020/2020	Change (%)
Scale of deposits absorbed	707.6	358.3	97.5
Placement of interbank deposits	610.1	250.0	144.0
Scale of self-operated loans (daily average)	135.7	132.0	2.8

(5) Synergy among Business Segments

The Group fully capitalised on the advantages of integrated coal, power and chemical industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. During the reporting period, the power plants and coal chemical enterprises of the Company jointly promoted clean utilisation and conversion of coal, and consumed 7.41 million tonnes of self-produced low calorific value coal or high sulfur content 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 4.62 million tonnes of coal from coal mines of the Company. The coal mining equipment business segment achieved internal product sales and services revenue of RMB1.496 billion, representing 14.4% of the total revenue of the segment. For the finance operations, newly issued internal loans amounted to RMB5.25 billion and the amount of internal loans as at the end of the year was RMB7.05 billion, offering financing convenience with rich varieties and quality service. Hence, financing costs have been lowered and a total of finance expenses amounting to RMB380 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 strived to build a world-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 relies on its own advantages of the mining areas to promote the in-depth integration of coal, coal-fired power, coal chemical industry and new energy. The Company has a large number of open-pit coal mines and underground coal mines of comprehensive range of mine types and a wide range of distribution areas. The Company has abundant on-ground land resources and underground space resources such as coal mining subsidence areas, industrial sites, dumps, underground roadways, mine pits, as well as the conditions for coal-fired power industry and coal chemical industry to support energy consumption. The Company has the advantages of developing the energy bases complemented by multiple types of energy and "integration of source-network-load-storage".

The Company is one of the largest coal traders in the PRC with branches in major coal consumption regions, trans-shipment ports and major coal import regions of the PRC. It has 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 a large-scale energy enterprise with the advantages of the whole industry chain for coal business, 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. 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 strives to carry out the construction of the intelligent coal mines and some of the first group of national intelligent demonstration coal mines, intelligent coal mine and intelligent work interface were constructed within the year. New achievements were made in important 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 headquarters’ 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.

In recent years, the Company has adhered to the existing strategy with 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-fired 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.

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

In recent years, as the supply-side reform continued to deepen, the controllability of coal industry supply improved gradually, and the concentration of the industry continued to increase. According to data published by the National Bureau of Statistics, the coal production of enterprises above designated size nationwide in 2021 was 4.07 billion tonnes, representing a year-on-year increase of 4.7%, which set a new record. A total of six enterprises with a coal output of over 100 million tonnes, with a total output of 1.67 billion tonnes, accounting for 41% of the national coal output. A total of six provinces with over 100 million tonnes of coal production of enterprises above designated size nationwide, with a total output of 3.496 billion tonnes, representing a year-on-year increase of 6.68%, which accounted for 85.9% of the national scale output, an increase of 1.6 percentage points over the last year. The coal output of Central Enterprises first exceeded 1 billion tonnes and recorded a new high.

In terms of chemical industry, China's urea industry is relatively scattered. More than 60 urea production enterprises are with a scale of more than 500,000 tonnes, and the market competition is relatively sufficient. According to statistics from relevant industry associations and the customs, domestic urea production in 2021 reached 54.50 million tonnes, representing a year-on-year decrease of 2.5%; apparent consumption of the urea market is expected to reach approximately 49.498 million tonnes, representing a year-on-year decrease of 1.9%. Agricultural demand was slightly lower than in last year, while industrial demand increased year on year. The polyolefin production capacity was intensively launched from 2020, and the new production capacity of polyethylene and polypropylene reached 11.65 million tonnes in 2021. With the increasing number of private refining and chemical, coal-to-olefins, propane dehydrogenation and other enterprises entered into the polyolefin industry, the concentration of domestic polyolefin industry has shown a downward trend, and the market competition has become increasingly intensive. Being affected by the increase in production capacity and the lack of significant increase in downstream demand, the increase in polyolefin prices was less than the increase in costs, so the profitability pressure on the polyolefin industry continued to grow.

In terms of power generation industry, the growth rate of domestic power consumption achieved double-digit growth, and the installed power structure continued the green and low-carbon development trend in 2021. According to the statistics from China Electricity Council, the nationwide electricity consumption in 2021 reached 8,312.8 billion kWh, representing a year-on-year increase of 10.3%. The nationwide power generation was 8,376.8 billion kWh, representing a year-on-year increase of 9.8%. By the end of 2021, the installed capacity of power plants nationwide was approximately 2.38 billion kW, representing a year-on-year increase of 7.9%. The installed capacity of non-fossil fuel power plants nationwide reached 1.12 billion kW, which first exceeded the coal-fired installed capacity. The average utilisation of power generation equipment throughout the year was 3,817 hours, representing a year-on-year increase of 60 hours, among which, the average utilisation of thermal power equipment was 4,448 hours, representing a year-on-year increase of 237 hours. In 2021, coal prices remained high and fuel costs raised sharply, creating huge pressures on the cost of coal-fired power enterprises.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

In terms of coal industry, the endowment of national energy resources determines that coal will still be the solid foundation to ensure energy safety for long. According to the Report of the Work of the Government for 2022, the country's GDP growth rate goal is around 5.5% in 2022. Driven by the effect of the policy to stabilise growth, it is expected that domestic coal demand will still be quite resilient in 2022, and will maintain a steady growth in general. With the continuation of the policy regarding stability of supply and prices and the orderly release of increased authorised capacity in recent years, the flexibility of coal supply is expected to further increase, and that coal prices drop from high points to relatively reasonable levels are the general trend.

Among the key coal chemical products, the International Fertilizer Association (IFA) estimates that the global new urea production capacity will reach 7.65 million tonnes, and the domestic new urea production capacity will reach 4.20 million tonnes, which show the growth trend on both domestic and overseas urea production capacity and output. Under the guidance of the policy regarding stability of supply and price of coal and fertilizers, the profitability of the urea industry is expected to remain stable. The new polyolefin production capacity will continue to be released in 2022, however, the demand is relatively weak so the market competition will be more intense, and the price is expected to return to cost support. Under the background of energy revolution and low-carbon development, national urea and polyolefin industries are in a period of transformation and upgrade, and high-end, differentiated and green products will become new trends in the industrial development.

In terms of power generation industry, taking into account factors such as domestic and overseas economic conditions, replacement of other energy with electricity which has steadily improved the level of electrification, and changes in the base of the previous year, as well as combining a variety of measures to forecast the national electricity consumption, and the prediction of experts regarding the analysis and forecast of the electricity supply and demand situation, it is estimated that the national electricity consumption will reach 8.7 trillion kWh to 8.8 trillion kWh in 2022, representing a year-on-year increase of 5% to 6%. The overall quarterly growth rate of national electricity consumption showed an increasing trend quarter by quarter. According to the statistics from China Electricity Council, it is expected that the newly installed capacity of power plants will hit a record high in 2022, and the installed capacity of power plants nationwide is expected to reach about 2.6 billion kW by the end of 2022 under the rapid development of new energy.

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2022

In 2021, the Group completed commercial coal production of 112.74 million tonnes, self-produced commercial coal sales volume of 110.73 million tonnes, polyolefin production volume of 1.464 million tonnes and sales volume of 1.461 million tonnes, urea production of 2.049 million tonnes and sales volume of 2.213 million tonnes, which have exceeded the annual production and operation plan. The Company recorded the revenue of RMB231.127 billion, representing a year-on-year increase of 64.0%. The profit attributable to equity holders of the Company was RMB14.715 billion, representing a year-on-year increase of 174.8%.

In 2022, the Group will adhere to the general principle of “prioritising stability, making progress amid stability”, implement the new development concept completely, accurately and comprehensively, and completely implement the development direction of “efficiency enhancement and incremental transformation”. It will apply high-quality development as the theme, the supply-side structural reform as the main objective and based on reform and innovation as the driving force to actively prevent and resolve material risks, and strive to enhance profitability. The Group’s annual production and sales volumes of self-produced commercial coal, polyolefin products and urea are planned to achieve more than 116 million tonnes, more than 1.48 million tonnes and more than 1.8 million tonnes, respectively. The Company will continue to increase efforts to reduce costs and increase efficiency, reasonably control the selling cost of major products, and strive to maintain its revenue size and profitability under the absence of major changes in the market. The Company will focus on the following tasks:

Firstly, further promote transformation and development. In accordance with the development direction of “efficiency enhancement and incremental transformation”, the productivity level of existing business will be improved through exploring, innovation and transformation. Incremental business will be principally engaged in the Company’s industrial layout, and fully utilise the existing resources to carry out project planning, strengthen the construction of key projects, and promote green and low-carbon development in an orderly manner.

Secondly, complete the reform with high quality. Focusing on the key and difficult issues, the Three-year Action Plan to achieve high-quality state-owned enterprise reform has successfully completed. The Company will continuously optimize and improve the Company’s management and control model by learning from advanced management experience. The Company will strengthen capital operation and management and control to improve corporate governance and value creation capabilities.

Thirdly, stabilise the production base. Coal enterprises will actively solve the prominent problems of restricting production, and strive to stabilise production and supply under the premise of ensuring safety. By accelerating the upgrade of coal mining technology and equipment and intelligent construction, the levels of unit output and unit input are effectively improved. Coal chemical enterprises shall consider the relationship between production and maintenance as a whole, strengthen operation management, maintain the safety and stability of equipment, and realize the long-term, safe and stable operation of chemical production.

Fourthly, strengthen marketing. The Company will actively adapt to market changes, fully implement the new policy of “two comprehensive coverage” contracts, and strive to stabilise the coal sales scale and market share. The Company will strengthen market research and analysis, adjust sales strategies in a timely manner, and focus on improving the marketing level of products. The Company will continue to deepen the reform of the marketing system and enhance the ability of marketing strategy management and control and marketing execution.

Fifthly, strengthen safety and environmental protection management. The Company will always put safety and environmental protection in the first place, and build a solid barrier for the Company’s safe production by comprehensively improving the awareness of safety and environmental protection risks, the ability to control the source of hidden dangers, the ability of equipment security, and the ability to manage and control ecological and environmental protection.

Sixthly, implement strict cost control. The Company will continue to carry out in-depth improvement on quality and efficiency, cost reduction and efficiency improvement, adhere to the cost-oriented strategy, root the idea of tightening our belts (過緊日子), strengthen the fulfillment of the standards, further explore the possibility of cost reduction, strengthen cost reduction through system, technology and management to ensure costs are controlled within a reasonable level.

Seventhly, strengthen technological innovation. The Company will focus on technological innovation as the core of the overall development of the company, give full play to the advantages of the entire coal industry chain, deepen industry-academic collaborations, strengthen the key role of corporate for innovation, stimulate corporate’s innovation and creative potential, strengthen technological research and development, promote industrial digital transformation and upgrade, and promote green low-carbon development of the Company.

Eighthly, strengthen the establishment of talent team. Through measures such as strengthening the cultivation of excellent talent teams, improving the market-oriented talent selection mechanism, and intensify the reforms of three systems, the Company will create a good atmosphere for entrepreneurship of its officers, and support the Company to become a world-class enterprise.

Ninthly, prevent and control major risks. The Company will carry out the management of safety production, compliance management, capital management, financing management, legal litigation, ecological environmental protection rigorously and conscientiously, and further promote the establishment of a risk prevention and control system to effectively prevent and mitigate various major risks.

Meanwhile, since various uncertainties still exist amidst the COVID-19 pandemic and external environment, supervision pressures on safe production and environmental production have edged up. As the uncertainties and unstable factors in production and market of coal and coal chemical industry remain, the actual implementation of the above operation plans may be subject to adjustments according to the actual circumstances of the Company. Thus, the operation plans disclosed herein would not constitute any commitment to results to investors by the Company. Investors should be informed and aware of risks in this connection.

SIGNIFICANT EVENTS

(1) Share Capital Structure

As of 31 December 2021, the structure of the share capital of the Company was as follows:

Unit: Share(s)

Type of Shares	Number of Shares	Percentage (%)
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

(2) Distribution of Final Dividends for 2020

The Company's 2020 profit distribution plan was considered and approved at the Company's 2020 annual general meeting held on 11 May 2021. Cash dividends of RMB1,771,250,100 were distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the Company which was RMB5,904,167,000 as set out in the consolidated financial statements of 2020 prepared in accordance with PRC GAAP. Based on the total issued share capital of 13,258,663,400 shares of the Company, RMB0.134 (inclusive of tax) per share was distributed.

These final dividends had been distributed to all Shareholders during the reporting period.

(3) Amendment to the Articles of Association and Rules of Procedures of the Board

The Articles of Association and the Rules of Procedures of the Board of the Company were amended in 2021, which have been considered on the 2021 fifth meeting of the fourth session of the Board held on 27 October 2021, subject to the consideration and approval of Shareholders at the general meeting of the Company.

EMPLOYEE

As at 31 December 2021, the total number of employees in the Group is 45,474 (2020: 41,593).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to improving its corporate governance level. For the year ended 31 December 2021, the Company strictly complied with the provisions of Corporate Governance Code set out in Appendix 14 of Hong Kong Listing Rules.

AUDIT AND RISK MANAGEMENT COMMITTEE

The audit and risk management committee of the Company has reviewed the annual results for the year ended 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2021, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of Hong Kong Listing Rules (“**Model Code**”). The Company confirmed after careful inquiry that all Directors and Supervisors had been complying with the Model Code during the year ended 31 December 2021.

REMUNERATION OF DIRECTORS AND SUPERVISORS

For the year ended 31 December 2021, no Directors or Supervisors have agreed to waive any remuneration.

The remuneration package of Directors is determined by the remuneration committee and is subject to approval by the Board and Shareholders at the forthcoming annual general meeting. To determine the remuneration package, the remuneration committee and the Board will take into consideration a number of factors, such as Directors’ duties, responsibilities and performance as well as the operating results of the Group.

DIVIDENDS

On 24 March 2022, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB3,984,572,400 to the Shareholders, representing 30% of the net profit attributable to the shareholders of the Company for the year ended 31 December 2021, which was RMB13,281,908,000 as set out in the consolidated financial statements prepared in accordance with PRC GAAP. The proposed dividend distribution will be made based on the Company's total issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.301 per share (tax inclusive). The above proposed profit distribution plan is subject to the approval of Shareholders at the 2021 annual general meeting. Cash dividends will be distributed to Shareholders registered at the relevant record date upon approval.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementing rules and other relevant rules, the Company is required to withhold enterprise income tax at a rate of 10% before distributing the final dividend to non-resident enterprise Shareholders whose names appear on the Company's H Share register of members. Any shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise Shareholders and therefore an enterprise income tax shall be withheld for their dividends receivables.

Pursuant to the "Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No.045" (Guo Shui Han [2011] No.348) issued by the State Administration of Taxation, the dividend received by the overseas resident individual Shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to individual income tax at a rate of 10% in general. If an individual H Shareholder considers that his/her individual income tax withheld by the Company does not comply with the tax rate stipulated in the tax treaties between country(ies) or region(s) in which he/she is domiciled and the PRC, he/she should engage or mandate agency after receiving the dividends according to requirements set out in tax treaties notice, register with the competent tax authority of the Company for subsequent taxation handling.

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

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

For shareholders who are entitled to participate in the 2021 annual general meeting of the Company (expected to be convened prior to 30 June 2022) and shareholders who are entitled to receive the final dividend for the year ended 31 December 2021, the latest registration date and the period of closure of share register as well as the dividend distribution date (expected to be prior to 31 August 2022) will be separately announced after determining the convening date of the 2021 annual general meeting of the Company.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividend distribution for A Shares, the Company will publish a separate announcement in respect of its dividend distribution to holders of A Shares after the Company's annual general meeting for 2021, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As of 31 December 2021, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2021, the Company and its subsidiaries had not purchased, sold or repurchased any listed securities of the Company.

AUDITORS

Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP (special general partnership) were appointed as overseas auditors and internal auditors for the year end of 31 December 2021. The former has audited the prepared financial statements of the Company in accordance with IFRS and provided unqualified opinion.

RELEASE OF ANNUAL REPORT ON HKSE WEBSITE

According to the provisions of Hong Kong Listing Rules, the Annual Report for 2021 will include all the information disclosed in this announcement, and will be disclosed on the websites of the Company and HKSE on or prior to 30 April 2022.

DEFINITIONS

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

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Director(s)	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisor(s)	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
Pingshuo Group	China Coal Pingshuo Group Company Limited
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
China Coal Huajin Company	China Coal Huajin Energy Group Limited
Mengda Mining	Wushenqi Mengda Mining Company Limited
Finance Company	China Coal Finance Co., Ltd.
Hami Coal Industry Company	China Coal Hami Coal Industry Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Jinchang Mining	Shanxi Puxian China Coal Jinchang Mining Company Limited
Yushuo Mining	Shanxi Puxian China Coal Yushuo Mining Company Limited
Wushenqi State-owned Company	Wushenqi State-owned Assets Investment and Operation Co., Ltd.
Yihua Mining	Ordos Yihua Mining Resources Company Limited

Yinhe Hongtai Company	Ordos Yinhe Hongtai Coal Power Company Limited
Pingshuo Mine Area	a mining area located in Shanxi Province, mainly comprising Antaibao Open Pit Mine, Anjialing Open Pit Mine as well as East Open Pit Mine
East Open Pit Coal Mine	East Open Pit Coal Mine of China Coal Pingshuo Group
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited
Wangjialing Coal Mine	Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
Xinjiang Zhundong Wucui Bay 2×660MW North Second Power Plant	The second power plant 2×660MW located in the north of Wucui Bay in Zhundong of China Coal Xinjiang Coal Electricity Chemical Company Limited
Antaibao 2×350MW low calorific value coal power generation project	Antaibao 2×350MW low calorific value coal power generation project of China Coal Antaibao Thermal Power Company Limited
Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas	the technological transformation project of annual methanol output of 1 million tonnes from synthetic gas of China Coal Ordos Energy Chemical Company Limited
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription and traded in Hong Kong dollars
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)

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

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

Beijing, the PRC
24 March 2022

As at the date of this announcement, the Company's executive directors are Wang Shudong and Peng Yi; non-executive directors are Zhao Rongzhe and Xu Qian; independent non-executive directors are Zhang Ke, Zhang Chengjie, and Leung Chong Shun.

* *For identification purpose only*