年度报告 2023

Efficiency Enhancement and Incremental Transformation
Returning Investors with High-Quality Development

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

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

Contents

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

Chairman's Statement

Dear Shareholders,

In 2023, China Coal Energy thoroughly implemented the spirit of the 20th Party Congress, firmly grasped the theme of high-quality development in the practice of Chinese modernisation of energy, and fully implemented the development direction of "efficiency enhancement and incremental transformation". The Group continuously strengthened core functions and improved core competitiveness, taking solid steps towards high-quality development. During the reporting period, the Group realised revenue of RMB193.0 billion, representing a year-on-year decrease of RMB27.6 billion, or 12.5%, as there was a decline in coal and coal chemical prices. However, with the continuous release of advanced production capacity, the improvement of asset quality, and the ongoing promotion of lean management, the Group's profit attributable to the equity holders reached RMB20.2 billion, representing a year-on-year increase of RMB0.4 billion, or 2.3%. The return on net assets was 14.71%, the net cash inflow from operating activities was RMB43.0 billion. The gearing ratio decreased by 5.8 percentage points to 28.5%. The Group's profitability and operational capabilities remained strong, and its financial structure became more robust.

Continuously releasing advanced production capacity and upholding its primary responsibility to ensure national energy security. The Group fully implemented the national energy supply requirements, continuously released advanced production capacity, and achieved a self-produced commercial coal production of 134.22 million tonnes, representing a year-on-year increase of 15.05 million tonnes, or 12.6%. The self-produced commercial coal sales volume was 133.91 million tonnes, representing a year-on-year increase of 13.57 million tonnes, or 11.3%. The increase in self-produced commercial coal production and sales provided solid support for fulfilling the coal supply, effectively offsetting the impact of declining coal prices. The coal chemical business demonstrated leading operational efficiency, with the production of main coal chemical products of 6.04 million tonnes, representing a year-on-year increase of 370,000 tonnes, or 6.5%. The coal mining equipment business closely followed the transformation and development needs of the coal industry, adhering to high-end, intelligent, and green development. The Group achieved a coal machinery production value of RMB11.4 billion, representing a year-on-year increase of RMB1.5 billion, or 14.8%, and accumulative value of contract increased by 12.8%. Mid-to-high-end orders for leading products remained at approximately 85%. The financial business actively assumed the responsibility of constructing and operating the treasury for China Coal Group, leading the industry in terms of capital concentration and management efficiency, and the asset scale reached over RMB100 billion, which further enhanced the service guarantee capability.

Continuously deepening lean management and effectively addressing the changes and development in stable growth. The Group promoted cost reduction, quality enhancement, and efficiency improvement throughout the entire industry chain and value chain. The Group strengthened scientific organization of production and sales, regional and industrial collaboration, and deepened lean management to solidly promote high-quality and stable growth. The unit cost of sales of self-produced commercial coal was RMB354/tonne, representing a year-on-year decrease of RMB13/tonne, or 3.6%, resulting in a profit increase of RMB1.8 billion. The unit cost of sales of polyolefin decreased by RMB506/tonne year-on-year, or 7.1%, and the unit cost of sales of urea decreased by RMB240/tonne year-on-year, or 12.8%. The coal mining equipment business intensified its focus on technological research and development, continuously improved manufacturing capabilities, thus steadily increasing economic efficiency. The Finance Company enhanced precise credit services, scientifically optimised asset allocation strategies, and the comprehensive interest rate of the placement of interbank was nearly 100 basis points higher than the market average, taking the lead in terms of value creation capabilities. It was recognized as the "Best Fund Management Financial Company of 2023" by the Financial Times. The Group strengthened its digital empowerment for improvement on quality and efficiency by accelerating digital transformation. Nine coal mines passed the acceptance of intelligent coal mine projects. East Open Pit Mine, Yaoqiao Coal Mine, and Wangjialing Coal Mine were recognized as the first batch of national intelligent demonstration coal mines. The coal chemical intelligent factory of Shaanxi Company was recognized as an industrial internet pilot demonstration by the Ministry of Industry and Information Technology and was selected as a "Smart Manufacturing

Demonstration Factory Enlisting Unit". Dahaize Coal Mine achieved international leading levels in intelligent mining project after the technological appraisal, and its achievements in 5G dual-frequency of its intelligent mining won the Energy Challenge Award in Mobile World Congress, marking a key technological breakthrough in the in-depth integration of the coal industry and intelligent technology.

Continuously optimising industrial layout and solidly promote safe, efficient, green, and low-carbon development. The Group advanced the characteristic of China Coal Energy of "two combinations" construction, promoting in-depth integration and development across industries, creating a dense industrial chain of "coal, coal power, coal chemical and new energy", and exploring the construction of a new energy system. Consolidating the advantages of the coal business, Dahaize Coal Mine as a national key coal mine for energy supply, with an annual production capacity of 20 million tonnes of high-quality thermal coal, successfully completed trial operation and passed the final acceptance. East Open Pit Mine and Anjialing Coal Mine were approved to increase production capacity by 10 million tonnes/year. The construction of Libi Coal Mine and Weizigou Coal Mine steadily progressed. Actively promoting the construction of pithead coal power, Pingshuo Antaibao 2×350MW low calorific value coal power generation project entered the final stage, and Wushenqi 2×660MW integrated coal power project received approval and completed investment decisions. The Group accelerated the promotion of green transformation and development, developed new energy industries in coal mining subsidence areas and reclamation areas, realised grid-connected power generation for the first phase of the 263MW photovoltaic project at the Shanghai Energy Company New Energy demonstration base. The 100MW photovoltaic and energy storage project in the Pingshuo Mine Area is about to be completed and put into operation. The Group steadily advanced the high-end, low-carbon, and park-oriented development of the modern coal chemical industry, explored the coupling development of new energy and chemicals. Shaanxi Yulin's coal chemical phase II project, with an annual output of 900,000 tonnes of polyolefin, is about to start construction and the "Liquid Sunshine" project has completed investment decisions and been included in the "14th Five-Year Plan for Energy Sector Technology Innovation" as a demonstration project. The Group coordinated development and safety, further improved the safety and environmental management system and mechanisms, continuously increased investment in safety and environmental protection, conducted in-depth investigations and governance of safety and environmental issues, and maintained overall stability in safety, as a result of which no environmental emergencies occurred.

Continuously deepening reform and innovation and constantly enhancing the vitality and momentum for high-quality development. The Group thoroughly implemented actions to deepen and improve the reform of state-owned enterprises, achieved high standards in completing various phased tasks, with 6 enterprises newly shortlisted for the "Double Hundred Action Plan" and "Science and Technology Reform Action Plan" of the SASAC. The Group successfully completed the reform of affiliated enterprise headquarters, effectively enhancing management efficiency. The Group established the coal business department and the power and new energy business department to optimise the functions of the coal chemical business department and equipment business department, further enhancing the professional management level of each business sector. The Group constructed a high-standard integrated intelligent control platform for production and operation management, learning from leading global practices, promoting conceptual transformation, process reengineering, and value enhancement through digitalization and intelligent transformation. The Group strengthened the construction of the technology innovation system, innovated management mechanisms, focused on key technology breakthroughs, leading "Enlisting and Leading". The Group obtained 29 beyond industrial-level awards for technological advancement and 273 authorised patents, and achieved international leadership in research outcomes such as Rock Burst Prevention and Control in the Areas of Inner Mongolia and Shaanxi. The Group successfully completed the tasks of the phase in the quality advancement of listed companies controlled by central enterprises, continuously improved corporate governance, and innovated methods to strengthen market value management. The Company was honored with awards such as the "2023 Best Practice of Listed Company Board Offices", "Hong Kong Golden Bull Award", "ESG Golden Bull Award Top 100", "Central Enterprise Top 50" by institutions such as China Association for Public Companies. The case study of the Company of "Efficient Assistance of the First Bond Issuance of a Company under the Registration System in Facilitating Capital Financing in the Industrial Chain" was recognized by the China Securities Regulatory Commission, Shanghai Stock Exchange, and Shenzhen Stock Exchange as an outstanding case study of serving the real economy in the bond market.

In 2024, China Coal Energy will continue to thoroughly implement the spirit of the 20th Party Congress and the Second Plenary Session of the 20th Central Committee, adhere to the fundamental principle of high-quality development and the general principle of making progress amid stability, deeply implement the development direction of "efficiency enhancement and incremental transformation", and actively integrate into the construction of a new development layout. **First**, centering on the "14th Five-Year Plan" and constructing a world-class energy enterprise, we will continue to optimise the industrial layout, promote the high-quality development and construction of the "two combinations" demonstration projects, continuously improve the energy security guarantee capacity and accelerate the green and low-carbon transformation. **Second**, focusing on strengthening core functions and enhancing core competitiveness, we will further deepen reform and upgrade action to enhance innovation and value creation capabilities. The Group will vigorously improve the modern enterprise governance capabilities, and continuously enhance and improve market-oriented operating mechanisms. **Third**, we will insist on running in line with world-class standards, continuously improve refined management, accelerate the digital transformation and digitization to solidly promote high-quality and stable growth. **Fourth**, we will further improve the technology innovation system, strengthen the construction of innovation capabilities, gather internal and external research advantages to form a collaborative force for innovation, and intensify efforts in key core technology breakthroughs and outcome transformations, speed up the formation of new qualitative productivity. **Fifth**, coordinating development and safety, we will strictly carry out safety and environmental protection work, soundly modify long-term effective mechanisms for compliance management, effectively prevent and resolve various major risks, and strongly control risks in key areas. **Sixth**, further promoting the special action of advancing the quality of listed companies controlled by central enterprises, we will continue to improve the level of corporate governance and the quality of information disclosure, further enhance communication and exchange with investors, strengthen market value management through multiple channels and maintain a good image in the capital market.

The management and staff of the Company will make persistent efforts and forge ahead by working together. We will actively participate in Chinese modernization of energy and reward all Shareholders and investors with new achievements in pursuing high-quality development.

Wang Shudong
Chairman

Beijing, the PRC
20 March 2024

Management Discussion and Analysis of Financial Conditions and Operating Results

The following discussion and analysis should be read in conjunction with the Group's 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 2023, the Group paid close attention to production and operation management, continued to deepen reform and innovation, fully exploited potential efficiency gains, and steadily promoted high-quality development. Despite challenges arising from continuous macro control policies and the decline in market prices of major products, especially coal, the Group maintained a high level of profitability and a good and steady growth trend since the "14th Five-Year Plan" period. Profit before tax for the year was RMB33.695 billion, representing a decrease of 2.6% over the previous year, an increase of 20.9% over 2021, and a three-year compound growth rate of 10.0%; profit attributable to the equity holders of the Company was RMB20.184 billion, representing an increase of 2.3% over the previous year, an increase of 33.0% over 2021, and a three-year compound growth rate of 15.3%; the net cash inflow from operating activities was RMB42.965 billion, which remained above RMB40.0 billion in the past three years, reflecting good capital management and strong operating cash generation capabilities.

During the reporting period, the Group's major business segments such as coal, coal chemical, coal mining equipment and finance all maintained sound operation. Under the circumstances that the comprehensive selling price of self-produced commercial coal decreased by RMB114/tonne and the revenue decreased by RMB15.242 billion year-on-year, coal enterprises accelerated the release of advanced production capacity and completed the production of commercial coal of 134.22 million tonnes, representing a year-on-year increase of 15.05 million tonnes. At the same time, the Group improved the level of refined management and control of costs and expenses, vigorously improved quality and tapped potential, and strictly controlled costs and expenses. The unit cost of sales for self-produced commercial coal was RMB353.83/tonne, representing a year-on-year decrease of 3.6%, and the gross profit was RMB34.269 billion. The Group has successfully secured energy supply and effectively offset the downward price shocks. Coal chemical enterprises were generally in good operation with balanced production and sales. While the selling price of polyolefin decreased by RMB494/tonne year-on-year and the selling price of urea decreased by RMB189/tonne year-on-year, coal chemical enterprises effectively reduced costs, and achieved a gross profit of RMB2.922 billion, representing a year-on-year increase of RMB0.192 billion and demonstrating a good management level and the synergy effect of the integrated development of coal chemicals. The coal mining equipment business adhered to the direction of high-end, intelligent and green development, continued to optimise the product structure, seized high-quality orders, achieved revenue of RMB12.183 billion and profit before tax of RMB784 million, and continued to maintain a sound growth trend. Finance Company continued to promote financial innovation, continuously improved the level of intensive and lean management, led the industry in terms of capital concentration and operational efficiency, and achieved a profit before tax of RMB1.307 billion under the general downward trend of financial market interest rates, representing a year-on-year increase of RMB39 million, and continuously enhanced its service guarantee and value creation capabilities.

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	For the year ended 31 December 2023	For the year ended 31 December 2022 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**1,929.69**	2,205.77	-276.08	-12.5
Cost of sales	**1,513.86**	1,709.79	-195.93	-11.5
Gross profit	**415.83**	495.98	-80.15	-16.2
Sales expenses	**10.50**	9.29	1.21	13.0
General and administrative expenses	**70.30**	66.34	3.96	6.0
Other income, other gains and losses, net	**0.79**	-85.16	85.95	–
Profit from operations	**335.14**	333.01	2.13	0.6
Finance income	**1.05**	1.35	-0.30	-22.2
Finance costs	**31.00**	38.63	-7.63	-19.8
Profit attributable to associates and joint ventures	**31.76**	50.10	-18.34	-36.6
Profit before income tax	**336.95**	345.83	-8.88	-2.6
EBITDA	**447.54**	438.92	8.62	2.0
Profit attributable to the equity holders of the Company	**201.84**	197.38	4.46	2.3
Net cash generated from operating activities	**429.65**	436.34	-6.69	-1.5
In which: Net cash flow generated from production and sales activities	**354.40**	400.49	-46.09	-11.5
Increase in cash inflow due to deposits absorbed from members other than China Coal Energy by Finance Company	**75.25**	35.85	39.40	109.9
Net cash generated from investing activities	**-150.57**	-220.46	69.89	-31.7
Net cash generated from financing activities	**-262.98**	-226.87	-36.11	15.9

Unit: RMB100 million

	As at 31 December 2023	As at 31 December 2022 (restated)	**Compared with the end of last year** Increase/ decrease in amount	Increase/ decrease (%)
Assets	**3,491.55**	3,397.30	94.25	2.8
Liabilities	**1,666.32**	1,748.41	-82.09	-4.7
Interest-bearing debts	**726.98**	860.46	-133.48	-15.5
Equity	**1,825.23**	1,648.89	176.34	10.7
Equity attributable to the equity holders of the Company	**1,438.82**	1,306.14	132.68	10.2
Gearing ratio (%) = total interest-bearing debts/ (total interest-bearing debts + equity)	**28.5**	34.3	A decrease of 5.8 percentage points	

Management Discussion and Analysis of Financial Conditions and Operating Results

Note: According to the relevant requirements, companies are required to recognize deferred income taxes for transactions which incur equivalent temporary difference for taxes payables and deductible temporary difference at initial recognition under "Amendment to International Accounting Standard No.12 – Income Tax" issued by the International Accounting Standards Board in May 2021. The Group has adopted such amendment which is effective for the period beginning on 1 January 2023, for lease transaction which the leasees initially recognize lease liabilities and included into right-of-use assets at the beginning date of the lease period as well as for transactions which recognize estimated liabilities and included into the relevant asset costs due to the existence of decommissioning obligations for, among others, fixed assets, the Group recognized the corresponding deferred income tax assets and deferred income tax liabilities, respectively, and made retrospective adjustments to the data for the last year and for the end of last year.

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the year ended 31 December 2023, the Group's revenue decreased by RMB27.608 billion or 12.5% from RMB220.577 billion for the year ended 31 December 2022 to RMB192.969 billion. The revenue before netting of inter-segmental sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue before netting of inter-segmental sales			
	For the year ended 31 December 2023	For the year ended 31 December 2022	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,626.81**	1,909.18	-282.37	-14.8
Self-produced commercial coal	**806.19**	861.48	-55.29	-6.4
Proprietary coal trading	**814.88**	1,041.16	-226.28	-21.7
Coal chemical operation	**213.94**	227.01	-13.07	-5.8
Coal mining equipment operations	**121.83**	106.09	15.74	14.8
Financial operations	**24.42**	23.86	0.56	2.3
Other operations	**82.34**	75.83	6.51	8.6
Net of inter-segmental sales	**-139.65**	-136.20	-3.45	2.5
The Group	**1,929.69**	2,205.77	-276.08	-12.5

Management Discussion and Analysis of Financial Conditions and Operating Results

Revenue net of inter-segmental sales generated from each operating segment of the Group for the year ended 31 December 2023 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales			
			Year-on-year	
	For the year ended 31 December 2023	For the year ended 31 December 2022	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,533.86**	1,808.38	-274.52	-15.2
Self-produced commercial coal	**740.36**	793.31	-52.95	-6.7
Proprietary coal trading	**788.55**	1,009.04	-220.49	-21.9
Coal chemical operations	**203.44**	218.64	-15.20	-7.0
Coal mining equipment operations	**101.63**	94.15	7.48	7.9
Financial operations	**19.59**	18.94	0.65	3.4
Other operations	**71.17**	65.66	5.51	8.4
The Group	**1,929.69**	2,205.77	-276.08	-12.5

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 2023 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 2023	For the year ended 31 December 2022	**Increase/ decrease (percentage point(s))**
Coal operations	**79.5**	82.0	-2.5
Self-produced commercial coal	**38.4**	36.0	2.4
Proprietary coal trading	**40.9**	45.7	-4.8
Coal chemical operations	**10.5**	9.9	0.6
Coal mining equipment operations	**5.3**	4.3	1.0
Financial operations	**1.0**	0.9	0.1
Other operations	**3.7**	2.9	0.8

2. *Cost of Sales*

For the year ended 31 December 2023, the Group's cost of sales decreased by RMB19.593 billion or 11.5% from RMB170.979 billion for the year ended 31 December 2022 to RMB151.386 billion. The cost of sales of each operating segment of the Group and the year-on-year changes are as follows:

Unit: RMB100 million

	For the year ended 31 December 2023	For the year ended 31 December 2022	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,284.12**	1,478.30	-194.18	-13.1
Self-produced commercial coal	**473.81**	441.92	31.89	7.2
Proprietary coal trading	**806.65**	1,032.33	-225.68	-21.9
Coal chemical operations	**184.72**	199.71	-14.99	-7.5
Coal mining equipment operations	**100.54**	87.24	13.30	15.2
Financial operations	**10.49**	9.92	0.57	5.7
Other operations	**71.56**	70.59	0.97	1.4
Inter-segment elimination	**-137.57**	-135.97	-1.60	1.2
The Group	**1,513.86**	1,709.79	-195.93	-11.5

3. Gross profit and gross profit margin

For the year ended 31 December 2023, the Group's gross profit decreased by RMB8.015 billion or 16.2% from RMB49.598 billion for the year ended 31 December 2022 to RMB41.583 billion; gross profit margin decreased by 1.0 percentage point from 22.5% for the year ended 31 December 2022 to 21.5%. The gross profit and gross profit margin of each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Gross profit			**Gross profit margin (%)**		
	For the year ended 31 December 2023	For the year ended 31 December 2022	Increase/ decrease (%)	**For the year ended 31 December 2023**	For the year ended 31 December 2022	Increase/ decrease (percentage point(s))
Coal operations	**342.69**	430.88	-20.5	**21.1**	22.6	-1.5
Self-produced commercial coal	**332.38**	419.56	-20.8	**41.2**	48.7	-7.5
Proprietary coal trading	**8.23**	8.83	-6.8	**1.0**	0.8	0.2
Coal chemical operations	**29.22**	27.30	7.0	**13.7**	12.0	1.7
Coal mining equipment operations	**21.29**	18.85	12.9	**17.5**	17.8	-0.3
Financial operations	**13.93**	13.94	-0.1	**57.0**	58.4	-1.4
Other operations	**10.78**	5.24	105.7	**13.1**	6.9	6.2
The Group	**415.83**	495.98	-16.2	**21.5**	22.5	-1.0

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

For the year ended 31 December 2023, for coal operations of the Group, the revenue decreased by 14.8% from RMB190.918 billion for the year ended 31 December 2022 to RMB162.681 billion, and revenue net of inter-segmental sales decreased by 15.2% from RMB180.838 billion for the year ended 31 December 2022 to RMB153.386 billion.

For the year ended 31 December 2023, the revenue from sales of self-produced commercial coal of the Group decreased by 6.4% from RMB86.148 billion for the year ended 31 December 2022 to RMB80.619 billion, which was mainly attributable to the year-on-year decrease of RMB114/tonne in the selling price of self-produced commercial coal and the decrease of RMB15.242 billion in revenue; the sales volume increased by 13.57 million tonnes year-on-year and the revenue increased by RMB9.713 billion. Revenue net of inter-segmental sales decreased by 6.7% from RMB79.331 billion for the year ended 31 December 2022 to RMB74.036 billion.

For the year ended 31 December 2023, the revenue from sales of proprietary coal trading of the Group decreased by 21.7% from RMB104.116 billion for the year ended 31 December 2022 to RMB81.488 billion, which was mainly attributable to the year-on-year decrease of RMB168/tonne in the selling price of proprietary coal trading and the decrease of RMB21.224 billion in revenue; the sales volume decreased by 1.73 million tonnes year-on-year and the revenue decreased by RMB1.404 billion. Revenue net of inter-segmental sales decreased by 21.9% from RMB100.904 billion for the year ended 31 December 2022 to RMB78.855 billion.

For the year ended 31 December 2023, revenue from the coal agency business of the Group increased by RMB49 million from RMB97 million for the year ended 31 December 2022 to RMB146 million.

Management Discussion and Analysis of Financial Conditions and Operating Results

The Group's coal sales volume before netting of inter-segmental sales and selling prices for the year ended 31 December 2023 and the year-on-year changes are set out as follows:

				For the year ended 31 December 2023		For the year ended 31 December 2022		**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		**13,391**	**602**	12,034	716	1,357	-114	11.3	-15.9
		(I)	Thermal coal	**12,298**	**532**	11,036	622	1,262	-90	11.4	-14.5
			1. Domestic sale	**12,298**	**532**	11,035	622	1,263	-90	11.4	-14.5
			2. Export	☆	☆	1	2,430	-1	–	-100.0	–
		(II)	Coking coal	**1,093**	**1,386**	998	1,750	95	-364	9.5	-20.8
			Domestic sale	**1,093**	**1,386**	998	1,750	95	-364	9.5	-20.8
II.	Proprietary coal trading	Total		**12,649**	**644**	12,822	812	-173	-168	-1.3	-20.7
		(I)	Domestic sale	**12,490**	**640**	12,669	806	-179	-166	-1.4	-20.6
		(II)	Self-operated export	**53**	**1,779**	60	2,115	-7	-336	-11.7	-15.9
		(III)	Import trading	**106**	**634**	93	743	13	-109	14.0	-14.7
III.	Import and export and domestic agency★	Total		**2,454**	**6**	1,439	7	1,015	-1	70.5	-14.3
		(I)	Import agency	**7**	**16**	60	8	-53	8	-88.3	100.0
		(II)	Export agency	**33**	**58**	46	61	-13	-3	-28.3	-4.9
		(III)	Domestic agency	**2,414**	**5**	1,333	5	1,081	0	81.1	0.0

☆: No occurrence.

★: Selling price is agency service fee.

Note: Sales volume of commercial coal includes the inter-segmental self-consumption of the Group which amounted to 18.39 million tonnes (including 12.42 million tonnes for self-produced commercial coal and 5.97 million tonnes for proprietary coal trading) for 2023 and 17.05 million tonnes for 2022.

(2) Cost of sales

For the year ended 31 December 2023, the Group's cost of sales of coal operations decreased by 13.1% from RMB147.830 billion for the year ended 31 December 2022 to RMB128.412 billion, which was mainly attributable to the year-on-year increase in the cost of self-produced commercial coal of RMB3.189 billion due to expansion in sales scale in self-produced commercial coal and the year-on-year decrease in the procurement cost of proprietary coal trading of RMB23.063 billion with the year-on-year decrease in the purchase price of purchased coal and the year-on-year decrease in sales volume. The composition of the cost of sales of the Group's coal operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	**For the year ended 31 December 2023**	**Percentage (%)**	For the year ended 31 December 2022	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Material costs (excluding proprietary coal trading procurement cost)	**73.96**	**5.8**	78.54	5.3	-4.58	-5.8
Proprietary coal trading procurement cost☆	**783.67**	**61.0**	1,014.30	68.6	-230.63	-22.7
Staff costs	**73.74**	**5.7**	66.78	4.5	6.96	10.4
Depreciation and amortisation	**70.79**	**5.5**	63.18	4.3	7.61	12.0
Repairs and maintenance	**17.54**	**1.4**	15.51	1.0	2.03	13.1
Transportation costs and port expenses	**105.70**	**8.2**	97.72	6.6	7.98	8.2
Sales taxes and surcharges	**66.66**	**5.2**	67.40	4.6	-0.74	-1.1
Outsourcing mining engineering fees	**52.17**	**4.1**	40.01	2.7	12.16	30.4
Other costs ★	**39.89**	**3.1**	34.86	2.4	5.03	14.4
Total cost of sales for coal operations	**1,284.12**	**100.0**	1,478.30	100.0	-194.18	-13.1

☆: This cost does not include transportation costs and port expenses related to proprietary coal trading which amounted to RMB2.298 billion in 2023 and RMB1.803 billion in 2022 and are set out in the item of transportation costs and port expenses.

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

Management Discussion and Analysis of Financial Conditions and Operating Results

The composition of the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2023 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	**For the year ended 31 December 2023**	**Percentage (%)**	For the year ended 31 December 2022	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**55.23**	**15.6**	65.27	17.8	-10.04	-15.4
Staff costs	**55.07**	**15.6**	55.49	15.1	-0.42	-0.8
Depreciation and amortisation	**52.86**	**14.9**	52.50	14.3	0.36	0.7
Repairs and maintenance	**13.10**	**3.7**	12.89	3.5	0.21	1.6
Transportation costs and port expenses	**61.77**	**17.5**	66.22	18.0	-4.45	-6.7
Sales taxes and surcharges	**49.78**	**14.1**	56.01	15.3	-6.23	-11.1
Outsourcing mining engineering fees	**38.96**	**11.0**	33.33	9.1	5.63	16.9
Other costs	**27.06**	**7.6**	25.51	6.9	1.55	6.1
Total unit cost of sales of self-produced commercial coal	**353.83**	**100.0**	367.22	100.0	-13.39	-3.6

For the year ended 31 December 2023, the Group's unit cost of sales of self-produced commercial coal amounted to RMB353.83/tonne, representing a year-on-year decrease of RMB13.39/tonne or 3.6%, which was mainly attributable to the year-on-year decrease in material costs per unit as a result of the Group's continuous optimisation of production organisation, vigorous promotion of system cost reduction and technology cost reduction, and the dilution effect of the increase in production volume of self-produced commercial coal; the year-on-year decrease in the selling price of self-produced commercial coal and the year-on-year decrease in gross profit margin led to the year-on-year decrease in the unit sales tax and surcharges; the proportion of the sales volume of self-produced commercial coal that bears railway transportation and port expenses to the total sales volume of self-produced commercial coal of the Group decreased, resulting in a year-on-year decrease in unit transportation costs and port expenses; the increase in the amount of outsourced mining engineering works in accordance with the arrangement of production organisations and geological conditions led to the year-on-year increase in the cost of outsourced mining engineering per unit.

(3) Gross profit and gross profit margin

For the year ended 31 December 2023, the gross profit from coal operations segment decreased by 20.5% to RMB34.269 billion from RMB43.088 billion for the year ended 31 December 2022 due to the decline in the selling price of commercial coal, and the gross profit margin decreased by 1.5 percentage points to 21.1% from 22.6% for the year ended 31 December 2022. In particular, the gross profit of self-produced commercial coal recorded a year-on-year decrease of RMB8.718 billion, and the gross profit margin recorded a year-on-year decrease of 7.5 percentage points.

2. Coal Chemical Operations Segment

(1) Revenue

For the year ended 31 December 2023, the revenue from coal chemical operations of the Group decreased by 5.8% from RMB22.701 billion for the year ended 31 December 2022 to RMB21.394 billion; revenue net of inter-segmental sales decreased by 7.0% from RMB21.864 billion for the year ended 31 December 2022 to RMB20.344 billion, which was mainly attributable to the year-on-year decrease in the selling price of coal chemical products and the decrease in the scale of trading of purchased chemical products.

The sales volume and selling prices of the major coal chemical products of the Group for the year ended 31 December 2023 and the year-on-year changes are set out as follows:

		For the year ended 31 December 2023		For the year ended 31 December 2022		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.	Polyolefin	**147.9**	**6,907**	146.9	7,401	1.0	-494	0.7	-6.7
	1. Polyethylene	**76.3**	**7,145**	74.0	7,479	2.3	-334	3.1	-4.5
	2. Polypropylene	**71.6**	**6,652**	72.9	7,323	-1.3	-671	-1.8	-9.2
II.	Urea	**214.1**	**2,423**	179.2	2,612	34.9	-189	19.5	-7.2
III.	Methanol	**191.9**	**1,748**	185.5	1,931	6.4	-183	3.5	-9.5
	Of which:								
	Inter-segment self-consumption	**188.2**	**1,750**	155.2	1,936	33.0	-186	21.3	-9.6
	External sales	**3.7**	**1,629**	30.3	1,905	-26.6	-276	-87.8	-14.5
IV.	Ammonium nitrate	**58.7**	**2,341**	46.9	2,632	11.8	-291	25.2	-11.1

(2) Cost of sales

For the year ended 31 December 2023, the cost of sales of the coal chemical operations of the Group decreased by 7.5% from RMB19.971 billion for the year ended 31 December 2022 to RMB18.472 billion, which was mainly attributable to the decrease in the purchase price of raw coal and fuel coal, and the decrease in the maintenance expenses of chemical device. The composition of the Group's cost of sales for the coal chemical operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	For the year ended 31 December 2023	Percentage (%)	For the year ended 31 December 2022	Percentage (%)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**113.03**	**61.2**	128.08	64.1	-15.05	-11.8
Staff costs	**13.95**	**7.6**	11.69	5.9	2.26	19.3
Depreciation and amortisation	**28.62**	**15.5**	28.34	14.2	0.28	1.0
Repairs and maintenance	**6.11**	**3.3**	9.95	5.0	-3.84	-38.6
Transportation costs and port expenses	**7.81**	**4.2**	8.96	4.5	-1.15	-12.8
Sales taxes and surcharges	**3.24**	**1.8**	3.05	1.5	0.19	6.2
Other costs	**11.96**	**6.4**	9.64	4.8	2.32	24.1
Total cost of sales for coal chemical operations	**184.72**	**100.0**	199.71	100.0	-14.99	-7.5

The unit cost of sales of the major self-produced coal chemical products of the Group for the year ended 31 December 2023 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	**For the year ended 31 December 2023**	For the year ended 31 December 2022	Year-on-year Increase/ decrease in amount	Year-on-year Increase/ decrease (%)
I. Polyolefin	**6,577**	7,083	-506	-7.1
1. Polyethylene	**6,566**	7,102	-536	-7.5
2. Polypropylene	**6,588**	7,063	-475	-6.7
II. Urea	**1,629**	1,869	-240	-12.8
III. Methanol	**1,893**	2,040	-147	-7.2
IV. Ammonium nitrate	**1,505**	1,076	429	39.9

(3) Gross profit and gross profit margin

For the year ended 31 December 2023, the gross profit of the Group's coal chemical operations segment increased by 7.0% from RMB2.730 billion for the year ended 31 December 2022 to RMB2.922 billion, and the gross profit margin increased by 1.7 percentage points from 12.0% for the year ended 31 December 2022 to 13.7%.

3. Coal Mining Equipment Operations Segment

(1) Revenue

For the year ended 31 December 2023, the Group's revenue from coal mining equipment operations increased by 14.8% from RMB10.609 billion for the year ended 31 December 2022 to RMB12.183 billion. Revenue net of inter-segmental sales increased by 7.9% from RMB9.415 billion for the year ended 31 December 2022 to RMB10.163 billion, which was mainly attributable to the year-on-year increase in revenue as a result of the increase in demand for related products driven by the intelligent upgrading and transformation of coal mines.

(2) Cost of sales

For the year ended 31 December 2023, the Group's cost of sales for the coal mining equipment operations increased by 15.2% from RMB8.724 billion for the year ended 31 December 2022 to RMB10.054 billion, which was mainly attributable to the increase in the cost of raw materials such as steel as a result of the increase in orders. 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 year ended 31 December 2023**	**Percentage (%)**	For the year ended 31 December 2022	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**74.76**	**74.4**	62.84	72.0	11.92	19.0
Staff costs	**8.91**	**8.9**	8.87	10.2	0.04	0.5
Depreciation and amortisation	**3.30**	**3.3**	3.80	4.4	-0.50	-13.2
Repairs and maintenance	**1.28**	**1.3**	0.90	1.0	0.38	42.2
Transportation costs	**1.74**	**1.7**	1.27	1.5	0.47	37.0
Sales taxes and surcharges	**0.41**	**0.4**	0.38	0.4	0.03	7.9
Other costs	**10.14**	**10.0**	9.18	10.5	0.96	10.5
Total cost of sales for coal mining equipment operations	**100.54**	**100.0**	87.24	100.0	13.30	15.2

(3) Gross profit and gross profit margin

For the year ended 31 December 2023, the gross profit of the Group's coal mining equipment operations segment increased by 12.9% from RMB1.885 billion for the year ended 31 December 2022 to RMB2.129 billion; the gross profit margin decreased by 0.3 percentage point from 17.8% for the year ended 31 December 2022 to 17.5%.

4. Financial Operations Segment

The financial operations segment of the Group is mainly engaged by Finance Company, which deepened the concept of lean management and strengthened financial technology innovation, strengthened the construction and application of the treasury system, continuously improved the ability of precise credit services, actively served the development strategy of "efficiency enhancement and incremental transformation", ensured the safe, stable and efficient flow of funds, and dynamically optimised and adjusted the allocation strategy of deposits with banks in a timely manner when the interest rate of deposits in the interbank market declined, with the business scale reaching a new record high and achieving better value and efficiency. For the year ended 31 December 2023, the revenue of financial operations of the Group increased by 2.3% from RMB2.386 billion for the year ended 31 December 2022 to RMB2.442 billion; revenue net of inter-segmental sales increased by 3.4% from RMB1.894 billion for the year ended 31 December 2022 to RMB1.959 billion. Cost of sales increased by 5.7% from RMB992 million for the year ended 31 December 2022 to RMB1.049 billion. Gross profit decreased by 0.1% to RMB1.393 billion from RMB1.394 billion for the year ended 31 December 2022 due to factors such as the decline in financial market interest rates. Gross profit margin decreased by 1.4 percentage points to 57.0% from 58.4% for the year ended 31 December 2022.

5. Other Operations Segment

Other operations segment of the Group mainly includes power generation, aluminium processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. For the year ended 31 December 2023, the revenue from other operations segment increased by 8.6% from RMB7.583 billion for the year ended 31 December 2022 to RMB8.234 billion; the revenue net of inter-segmental sales increased by 8.4% from RMB6.566 billion for the year ended 31 December 2022 to RMB7.117 billion; cost of sales increased by 1.4% from RMB7.059 billion for the year ended 31 December 2022 to RMB7.156 billion. Gross profit increased by 105.7% from RMB524 million for the year ended 31 December 2022 to RMB1.078 billion, mainly attributable to the increase in gross profit of the Group's businesses of power generation, tendering and bidding and production services. Gross profit margin increased by 6.2 percentage points from 6.9% for the year ended 31 December 2022 to 13.1%.

(III) Sales expenses

For the year ended 31 December 2023, the Group's sales expenses increased by 13.0% from RMB929 million for the year ended 31 December 2022 to RMB1.050 billion, which was mainly attributable to the year-on-year increase in staff remuneration and product sales related expenses, etc.

(IV) General and administrative expenses

For the year ended 31 December 2023, the Group's general and administrative expenses increased by 6.0% from RMB6.634 billion for the year ended 31 December 2022 to RMB7.030 billion, which was mainly attributable to the change in the scope of consolidation for subsidiaries acquired in the fourth quarter of 2022 and the year-on-year increase in research and development expenses.

(V) Finance income and finance costs

For the year ended 31 December 2023, the Group's net finance costs decreased by 19.7% from RMB3.728 billion for the year ended 31 December 2022 to RMB2.995 billion, which was mainly attributable to the decrease in the scale of the Group's interest-bearing liabilities and continuous optimisation of debt structure, which has further lowered the consolidated cost of funds.

(VI) Share of profits of associates and joint ventures

For the year ended 31 December 2023, the Group's share of profits of associates and joint ventures decreased by 36.6% from RMB5.010 billion for the year ended 31 December 2022 to RMB3.176 billion, which was mainly attributable to the decrease in market prices of coal and coal chemical products, resulting in the year-on-year decrease in profits of associates and joint ventures, and thus the corresponding decrease in the Group's share of profits of associates and joint ventures recognized in proportion to its shareholding.

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

For the year ended 31 December 2023, the Group's other income, other gains and losses, net amounted to RMB79 million, compared to the net loss of RMB8.516 billion for the year ended 31 December 2022, which was mainly attributable to the provision for impairment of RMB183 million for construction in progress and fixed assets with indications of impairment based on the impairment test results during the year, and the provision for impairment of RMB8.768 billion for assets such as the exploration right of Shalajida Coal Mine in the previous year, representing a year-on-year decrease of RMB8.585 billion.

III. CASH FLOW

As at 31 December 2023, the balance of the Group's cash and cash equivalents amounted to RMB31.583 billion, representing a net increase of RMB1.585 billion as compared to RMB29.998 billion as at 31 December 2022.

Net cash inflow generated from operating activities decreased by an inflow of RMB669 million from RMB43.634 billion for the year ended 31 December 2022 to RMB42.965 billion. Among which, net cash flow generated from production and sales activities amounted to RMB35.440 billion, representing a year-on-year decrease of RMB4.609 billion, which was mainly attributable to the decline in market prices of coal and coal chemical products.

Net cash outflow generated from investing activities decreased by an outflow of RMB6.989 billion from RMB22.046 billion for the year ended 31 December 2022 to RMB15.057 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB17.324 billion in cash outflow arising from changes in fixed-term deposits with an initial deposit period of more than three months, the year-on-year increase of RMB596 million in cash inflow received in cash dividends from invested companies, the year-on-year increase of RMB7.561 billion in cash utilised as capital expenditure as well as the year-on-year increase of RMB3.250 billion in cash outflow generated from the increase in provision of self-operated loans provided to members other than China Coal Energy by Finance Company.

Net cash outflow generated from financing activities increased by an outflow of RMB3.611 billion from RMB22.687 billion for the year ended 31 December 2022 to RMB26.298 billion, which was mainly attributable to the combined effect of the year-on-year increase of RMB5.379 billion in dividends paid by the Group to external parties, the year-on-year decrease of RMB1.050 billion in the net outflow of debt financing, and the year-on-year decrease of RMB493 million in cash outflow for interest payment.

IV. SOURCES OF CAPITAL

For the year ended 31 December 2023, 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.

Management Discussion and Analysis of Financial Conditions and Operating Results

V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

As at 31 December 2023, the net value of the Group's property, plant and equipment was RMB127.702 billion, representing a net increase of RMB1.256 billion or 1.0% as compared to RMB126.446 billion as at 31 December 2022. Among them, the net value of buildings was RMB32.149 billion, accounting for 25.2%; that of mining structures was RMB34.486 billion, accounting for 27.0%; that of machinery and equipment was RMB43.20 billion, accounting for 33.8%; that of construction in progress was RMB11.223 billion, accounting for 8.8%; that of railways, transportation vehicles and others was RMB6.644 billion, accounting for 5.2%.

(II) Mining rights

As at 31 December 2023, the net value of the Group's mining rights was RMB47.210 billion, representing a net increase of RMB7.725 billion or 19.6% as compared to RMB39.485 billion as at 31 December 2022, which was mainly attributable to the combined effect of the payment related to mining rights by coal production enterprises of the Group and the amortisation of mining rights.

(III) Other non-current assets

As at 31 December 2023, the net value of the Group's other non-current assets was RMB8.767 billion, representing a net increase of RMB3.921 billion or 80.9% as compared to RMB4.846 billion as at 31 December 2022, which was mainly attributable to the increase in loans with medium-and long-term maturity provided by Finance Company to members other than China Coal Energy.

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

As at 31 December 2023, the net value of the Group's debt instruments at fair value through other comprehensive income was RMB3.310 billion, representing a net decrease of RMB2.571 billion or 43.7% as compared to RMB5.881 billion as at 31 December 2022, which was mainly attributable to the decrease in bills receivables collected by the Group for sales of products.

(V) Tax payable

As at 31 December 2023, the balance of tax payable of the Group was RMB1.626 billion, representing a net decrease of RMB1.582 billion or 49.3% as compared to RMB3.208 billion as at 31 December 2022, which was mainly attributable to the decrease in operating profits for the fourth quarter of the Group year-on-year as affected by the decrease in prices of coal and coal chemical products, resulting in a significant decrease in tax payable as compared to the end of the previous year.

(VI) Borrowings

As at 31 December 2023, the balance of the Group's borrowings was RMB59.380 billion, representing a net decrease of RMB12.127 billion or 17.0% from RMB71.507 billion as at 31 December 2022. Among which, the balance of long-term borrowings (including long-term borrowings due within one year) was RMB59.257 billion, representing a net decrease of RMB11.969 billion as compared to RMB71.226 billion as at 31 December 2022; the balance of short-term borrowings was RMB123 million, representing a net decrease of RMB158 million as compared to RMB281 million as at 31 December 2022.

(VII) Long-term bonds

As at 31 December 2023, the balance of the Group's long-term bonds (including long-term bonds due within one year) was RMB13.318 billion, representing a net decrease of RMB1.221 billion or 8.4% as compared to RMB14.539 billion as at 31 December 2022, which was mainly attributable to the payment for corporate bonds "18 China Coal 02" and "18 China Coal 06" during the year.

VI. EQUITY

As at 31 December 2023, the equity of the Group was RMB182.523 billion, representing an increase of RMB17.634 billion or 10.7% from RMB164.889 billion as at 31 December 2022, among which, the equity attributable to the equity holders of the Company was RMB143.882 billion, representing an increase of RMB13.268 billion or 10.2% from RMB130.614 billion as at 31 December 2022. The items under the equity subject to significant change are analysed as below:

(I) Reserve

As at 31 December 2023, the reserve of the Group was RMB53.343 billion, representing an increase of RMB792 million or 1.5% from RMB52.551 billion as at 31 December 2022, which was mainly attributable to the combined effect of the increase of RMB1.116 billion for special fund balance, surplus fund and reserve for general risk, the increase of RMB0.194 billion for reserve in associates and joint ventures, and the decrease of RMB0.470 billion for other comprehensive income resulting from the decrease in fair value of investment in equity instruments not held for trading purposes, etc.

(II) Retained earnings

As at 31 December 2023, the retained earnings of the Group was RMB77.281 billion, representing an increase of RMB12.477 billion or 19.3% from RMB64.804 billion as at 31 December 2022, which was mainly attributable to the combined effect of realising profit attributable to the equity holders of the Company of RMB20.184 billion, distribution of dividends for 2022 of RMB5.476 billion, the adjusted provision of unutilised special fund, and provision of surplus fund and reserve for general risk during the year.

VII. OVERSEAS ASSETS

At the end of the reporting period, total assets of the Group amounted to RMB349.155 billion, representing an increase of RMB9.425 billion or 2.8% as compared to the beginning of the year, among which, overseas assets amounted to RMB474 million, accounting for 0.14% of total assets. During the reporting period, there was 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 2023, the book value of the Group's charge assets amounted to RMB821 million, of which the book value of pledged assets was RMB190 million and the book value of mortgaged assets was RMB631 million.

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. CORPORATE BONDS

The goal of registration and issuance of corporate bonds by the Group is to replenish the working capital of the Group and adjust the debt structure. As at 31 December 2023, details of the corporate bonds not yet due issued by the Group are as follows.

Disclosure Items	**20 China Coal 01**
1. Reason for issue	To meet the needs of production and operation, and further optimise the debt structure.
2. Type of issue	Public issue
3. Book value	RMB100
4. Issue scale	RMB3.0 billion
5. Total proceeds raised after deducting the issuance expenses	RMB2.997 billion
6. Bonds balance	RMB3.0 billion
7. Coupon rate	3.60%
8. Issue object	Professional investor
9. Use details:	
(1) Details and descriptions of the proceeds of each issue for different purposes in the fiscal year	All the proceeds net of issuance fee were used to repay the interest-bearing debts and replenish working capital.
(2) If the proceeds have not been utilised, the different intended use details and descriptions of the relevant proceeds	–
(3) Whether the use or intended use of the proceeds is in accordance with the plan previously disclosed by the issuer	Yes

Notes: 1) The Company completed a public issuance of corporate bonds (tranche 1) (category 2) (abbreviated as "18 China Coal 02") on 9 May 2018 at an issuance scale of RMB400 million for a term of 7 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the fifth year and a saleback option by the investors. The Company has adjusted the coupon rate of the current tranche of bonds in April 2023, and all investors opted for saleback. The Company has made full payment on principal and interest and completed the delisting for the current tranche of bonds in May 2023, please refer to the relevant announcements made by the Company on Shanghai Stock Exchange and HKSE for details.

2) The Company completed a public issuance of corporate bonds (tranche 3) (category 2) (abbreviated as "18 China Coal 06") on 6 July 2018 at an issuance scale of RMB800 million for a term of 7 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the fifth year and a saleback option by the investors. The Company has adjusted the coupon rate of the current tranche of bonds in June 2023, and all investors opted for saleback. The Company has made full payment on principal and interest and completed the delisting for the current tranche of bonds in July 2023, please refer to the relevant announcements made by the Company on Shanghai Stock Exchange and HKSE for details.

Management Discussion and Analysis of Financial Conditions and Operating Results

XII. OTHER BONDS AND DEBT FINANCING INSTRUMENTS

Name of bonds	Issue scale (RMB100 million)	Interest rate (%)	Term	Effective date	Due date	Repayment status
19 China Coal Energy MTN001	50.00	4.19	5+2 years	23 July 2019	The maturity date of this medium-term note is 23 July 2026; if investors exercise their saleback options, the maturity date of those parts of debts saleback is 23 July 2024.	Interest paid while principal not due yet
20 China Coal Energy MTN001A	15.00	3.28	5 years	13 April 2020	13 April 2025	Interest paid while principal not due yet
20 China Coal Energy MTN001B	5.00	3.60	7 years	13 April 2020	13 April 2027	Interest paid while principal not due yet
21 China Coal Energy MTN001	30.00	4.00	5 years	26 April 2021	26 April 2026	Interest paid while principal not due yet
Total	100.00	–	–	–	–	–

The goal of registration and issuance of the above medium-term notes by the Group is to replenish the working capital of the Group and adjust the debt structure. As of 31 December 2023, 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.

XIII. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 31 December 2023, the Group provided guarantees of RMB1.388 billion in total, which were all provided to the invested companies in proportion to the Group's shareholdings. Details are as follows:

Unit: RMB10 thousand

The Company's external guarantees (excluding guarantees for subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Major debts	Guarantees (if any)	Completed or not	Overdue or not	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Connected party relationship
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	107,406.55	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	31,420.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	Yes	No	Other

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	-19,437.30
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	138,826.55
guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	-122,300.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	0.00
total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	138,826.55
Percentage of total guarantee to net assets of the Company (%)	1.0
Of which:	
Amount of guarantee provided to shareholders, de facto controllers and its related parties (C)	–
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)	–
Excess amount of total guarantee over 50% of net assets (E)	–
Total amount of the above three categories (C+D+E)	–
Explanations on the possible joint and several liabilities for liquidation in respect of the outstanding guarantee	–

Management Discussion and Analysis of Financial Conditions and Operating Results

(II) Environmental protection responsibilities

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

(III) Contingent legal liabilities

For details of the litigation involving Yihua Mining, Mengda Mining and Yinhe Hongtai Company, please refer to the section headed "Material Legal Proceedings" of this report. In October 2023, these three mining companies received the second-instance (final) judgement from Inner Mongolia Autonomous Region Supreme People's Court, and it is judged that the results of the first-instance judgement shall be maintained. At present, the cases of Yihua Mining and Mengda Mining have been enforced with a total amount of RMB3.706 billion, while the case of Yinhe Hongtai Company is still under enforcement. Relevant matters would not constitute any material impact on the production and operation and financial condition of the Company. Adhering to the principle of respecting history and complying laws and regulations, the Company will organise involved enterprises to conduct relevant consequential work, thereby fully safeguarding the interest of the Company.

XIV. OTHER EVENTS

(I) Entrusted Loans

1. General information

Unit: RMB10 thousand

Balance of entrusted loans at the beginning of the period	Amount incurred from entrusted loans for the current period	Actual amount of principal recovered from entrusted loans	Balance of entrusted loans at the end of the period
443.90	–	–	443.90

2. Specific project information

Unit: RMB10 thousand

Borrower	Entrusted loan type	Entrusted loan amount	Beginning date of entrusted loan	Ending date of entrusted loan	Source of loan	Use of funds	Determination method of return	Annualised return	Expected return (if any)	Actual profit or loss	Actual recovery of return	Whether legal procedures are needed	Any entrusted loan plan in the future	Impairment provisions (if any)
Zhongtian Hechuang Energy Company Limited	Project loan	443.90	31 August 2020	31 August 2025	Treasury fund	National demonstration project for the application of Internet-of-Things of mine safety production administration	–	4.55%	19.32	19.32	Actual profit is recovered	Yes	No	–

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2023

(1) Coal Operations

1. Coal production

In 2023, the Group conscientiously implemented the national major strategic deployment, fully implemented the "two combinations" development strategy, made every effort to secure the coal energy supply. The Group strengthened production organisation, optimised production layout, and accelerated stripping of open pit mines. The Group increased its unit production and input level, actively promoted stable production and output target achievement for introduced new investment mines to achieve stable production and reached a new high in coal production. During the year, the Group produced 134.22 million tonnes of commercial coal, representing an increase of 15.05 million tonnes or 12.6% compared with 119.17 million tonnes last year. In 2023, raw coal productivity was 37.04 tonnes per worker-shift, maintaining a leading level in the coal industry. Encouraging results were seen in the construction of intelligent coal mines. As at the end of 2023, an aggregate of 9 coal mines had been accepted as intelligent coal mines. Construction of 46 intelligent coal mining working faces was completed, of which 2 intelligent coal mining faces were awarded the top prize in the national coal mining face intelligent innovation competition.

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

Item	Year ended 31 December 2023	Year ended 31 December 2022	Change (%)
Production volume of commercial coal	**13,422**	11,917	12.6
By region:			
Shanxi	**8,763**	8,064	8.7
Inner Mongolia and Shaanxi	**3,903**	3,133	24.6
Jiangsu	**465**	533	-12.8
Xinjiang and other(s)	**291**	187	55.6
By coal type:			
Thermal coal	**12,330**	10,919	12.9
Coking coal	**1,092**	998	9.4

2. Coal sales

In 2023, facing a complex and changing external environment and the difficult task of reform and development, the Group focused on the geographical markets, leveraged channel advantages, strengthened production and sales coordination, and made every effort to secure the supply of electricity coal. The Group rigorously implemented the national coal price policy, took the lead in maintaining the market order, and ensured full fulfilment of electricity coal contracts, thus effectively reduced the overall energy cost in society. The Group actively expanded into the market of local small and medium-sized power generation enterprises and non-power generation users, maintaining stable market share. The cumulative sales volume of commercial coal was 284.94 million tonnes for the year, of which, the sales volume of self-produced commercial coal was 133.91 million tonnes, representing a year-on-year increase of 11.3%, hence making positive contribution to secure energy supply of the country and serve social and economic development with practical actions.

Business Performance

Table on Coal Sales

Unit: 10 thousand tonnes

Item	Year ended 31 December 2023	Year ended 31 December 2022	Change (%)
Sales volume of commercial coal	**28,494**	26,295	8.4
By business type:			
Self-produced commercial coal	**13,391**	12,034	11.3
Proprietary coal trading	**12,649**	12,822	-1.3
Import and export and domestic agency	**2,454**	1,439	70.5
By sales region:			
North China	**9,216**	8,773	5.0
East China	**9,484**	8,546	11.0
South China	**3,659**	3,394	7.8
Central China	**2,751**	2,548	8.0
Northwest China	**2,676**	2,061	29.8
Other regions	**708**	973	-27.2

3. *Coal reserve*

Unit: 100 million tonnes

Major mining areas	Major coal type	Resource reserve	Recoverable reserve	Verified reserve
Shanxi	Thermal coal	83.93	30.56	8.96
	Coking coal	19.77	9.88	4.24
	Anthracite	7.88	3.32	1.82
Inner Mongolia	Thermal coal	87.98	52.95	19.94
Heilongjiang	Thermal coal	3.02	1.41	0.53
Jiangsu	Thermal coal	3.71	1.07	0.80
	Coking coal	2.56	1.05	0.67
Shaanxi	Thermal coal	51.11	34.95	10.46
Xinjiang	Thermal coal	6.52	3.52	2.18
Total		266.48	138.71	49.60

As of the end of 2023, the Group's coal resources with self-owned mining rights amounted to 26.648 billion tonnes, recoverable reserve amounted to 13.871 billion tonnes, and verified reserve amounted to 4.960 billion tonnes. Resources utilised during the year amounted to 210 million tonnes.

(2) Coal Chemical Operations

In 2023, the Group focused on achieving "work safety, stable production, long period operation, fully-loaded operation and producing quality products" for its equipment and creating benchmarks for energy efficiency. The Group continued to strengthen basic production management, scientifically evaluated the operation status of equipment, effectively controlled unplanned suspension, pay close attention to energy conservation and consumption reduction and abnormal working condition management, and advanced the establishment of the "smart control" platform for coal chemical industry. During the year, the Group produced 6.036 million tonnes of major coal chemical products, representing a year-on-year increase of 6.5%. In 2023, Shaanxi Company's intelligent coal chemical factory was recognized as an industrial internet pilot demonstration by the Ministry of Industry and Information Technology and selected as an enlisting unit for the 2023 intelligent manufacturing demonstration factory list.

The Group actively responded to the volatile coal chemical market, flexibly adjusted marketing strategies and market layouts, continuously improved customer service and evaluation mechanisms, effectively reduced logistics costs and stock. The sales volume of major coal chemical products was 6.126 million tonnes during the year, representing a year-on-year increase of 9.7%. The Group strictly implemented the national policies of securing supply and stabilising the price of chemical fertilisers. All chemical fertilisers were supplied to the domestic market, successfully fulfilling the national commercial reserve of chemical fertiliser for 2022-2023, and the allocation ahead of schedule for 2023-2024, which actively contributed to food security of the country. Ordos Energy Chemical Company was recognized as an "Efficient Fertiliser Advanced Enterprise." The Group deepened the implementation of differentiated strategies, vigorously developed and promoted differentiated and customised polyolefin products, achieving a sales volume of 109,000 tonnes and a gain of RMB17.29 million. Pingshuo Energy Chemical Company successfully completed the annual overhaul, achieving a historic high in ammonium nitrate production and sales. The Group continued to expand the market for coal chemical by-products, improved pricing mechanisms and sales channels, and achieved full production and sales for coal chemical by-products.

Table on Production and Sales Volume of Major Coal Chemical Products

Unit: 10 thousand tonnes

Item	**Year ended 31 December 2023**	Year ended 31 December 2022	Change (%)
Total coal chemical products			
Production volume	**603.6**	566.7	6.5
Sales volume	**612.6**	558.5	9.7
Polyolefin			
Production volume	**148.7**	148.0	0.5
Sales volume	**147.9**	146.9	0.7
Urea			
Production volume	**206.6**	183.4	12.6
Sales volume	**214.1**	179.2	19.5
Methanol			
Production volume	**190.1**	187.9	1.2
Sales volume	**191.9**	185.5	3.5
Ammonium nitrate			
Production volume	**58.2**	47.4	22.8
Sales volume	**58.7**	46.9	25.2

Notes:

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

2. The methanol sales volume of the Group includes internal consumption volume (1.882 million tonnes for 2023, compared to 1.552 million tonnes for 2022).

(3) Coal Mining Equipment Operations

In 2023, the equipment enterprises of the Group actively seized the market orders, organised production efficiently and scientifically, and made every effort to reduce costs, enhance the quality and improve efficiency. Through transformation and upgrade, deepening reforms, and technological innovation, production and operations maintained a positive trend, achieving double improvement in economic benefits and quality of development. The high-end and intelligent development of coal mining equipment products achieved significant results. During the year, the Group produced RMB11.43 billion of coal mining equipment, representing a year-on-year increase of 14.8%. Accumulative value of contracts increased by 12.8% year-on-year, and the proportion of mid-to-high-end orders for leading products remained at around 85%. The Group continued to expand the scale of non-coal industries, cultivating more than 10 categories of non-coal products and new comprehensive energy services models. The Group actively expanded the market, with the scale of international markets expanding and overseas business growing continuously.

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

	Production value			**Revenue**	
Product types	**Year ended 31 December 2023**	Year ended 31 December 2022	**Change (%)**	**Year ended 31 December 2023**	**Percentage of revenue of the coal mining equipment segment (%)**
Main conveyor products	**52.1**	45.2	15.3	**47.3**	38.8
Main support products	**38.3**	32.5	17.8	**41.5**	34.1
Others	**23.9**	21.9	9.1	**33.0**	27.1
Total	**114.3**	99.6	14.8	**121.8**	100.0

(4) Financial Operations

In 2023, the Group focused on the development of the entire coal industry chain and the new energy industry, fully implemented the Administrative Measures for Finance Company of Enterprise Group, deepened the lean management of funds, vigorously promoted financial technology innovation, continuously improved value creation capabilities, further strengthened the establishment of risk control systems, actively undertook the mission of constructing, operating and managing the treasury for China Coal Group, and Finance Company was recognized as "Best Fund Management Financial Company of 2023" by Financial Times. Despite external pressures such as declining interest rates, the Group continued to strengthen deposit business management, timely optimised and adjusted interbank deposit allocation strategies. Credit support was further strengthened and allocation of credit funds and resources was optimised to support the Group's industry structure adjustments. As at the end of 2023, scale of deposits absorbed amounted to RMB97.00 billion, representing a year-on-year increase of 7.2%; placement of interbank deposits amounted to RMB76.97 billion, representing a year-on-year increase of 4.6%; scale of self-operated loans amounted to RMB21.37 billion, representing a year-on-year increase of 25.3%, all hitting the highest level in history.

Table on Financial Operations

Unit: RMB100 million

Business types	As at 31 December 2023	As at 31 December 2022	Change (%)
Scale of deposits absorbed	**970.0**	904.5	7.2
Placement of interbank deposits	**769.7**	735.7	4.6
Scale of self-operated loans	**213.7**	170.6	25.3

(5) Synergy among Business Segments

In 2023, focusing on leveraging the advantages of coal-electricity-chemical industry chain, the Group further pushed forward the regional integrated management and continuously optimised the regional industry structure, thereby realising the synergetic development among business segments and improving the overall competitiveness and risk resistance capacity. In 2023, the Group produced 12.42 million tonnes of coal for internal consumption, representing a year-on-year increase of 1.41 million tonnes. The coal mining equipment business segment achieved internal product sales and services revenue of RMB2.020 billion, representing 16.6% of the total sales revenue of the segment. For financial operations, newly issued internal loans amounted to RMB6.17 billion and the amount of internal loans as at the end of the year was RMB14.01 billion, offering financing convenience with rich varieties and quality service. Hence, financing costs have been lowered, saving a total of RMB480 million in finance costs.

Business Performance

II. ANALYSIS OF CORE COMPETITIVENESS

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

The scale of the Group'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, and compounding, the Group has distinctive competitive advantages for its large-scale coal mines and low-cost. Mining Areas in Pingshuo, Shanxi and Hujierte, Ordos of Inner Mongolia, primarily developed by the Group, 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 Group's coal key construction projects have achieved progress smoothly. Dahaize Coal Mine successfully completed the acceptance and was put into operation. Projects such as Libi Coal Mine all progress steadily. It is the professional and sophisticated management mode, the capable and efficient production methodology, the scale merit of cluster development, the high-quality and abundant coal resources and coordinated development of the industry chain that constitute the core competitive advantages of the Group in the coal industry.

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

The Group relies on its own advantages of the mining areas to promote the in-depth integration of coal, coal power, coal chemical and new energy. The Group has a large number of widely distributed open-pit coal mines and underground coal mines of various types. The Group 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 power industry and coal chemical industry to support energy consumption. The Group has the advantages of developing the energy bases complemented by multiple types of energy and "integration of source-network-load-storage".

Business Performance

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

The Group 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 solutions. Under the new situation, the Group 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 enterprise and the society.

The Group insists on innovation-driven growth and becomes the leader of the industry. With the increased investment in research and development, the Group accelerates the integration of innovative resources, the construction of scientific research platform, and further promotes industry-university-research cooperation to ensure innovative development. The Group accelerates the construction of big data and digital management system. It also strives to carry out the construction of intelligent coal mines. 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, the Group takes a step forward for digital transformation, and the integration of informatisation and industrialisation enables the business to improve steadily.

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

In recent years, the Group has adhered to the existing strategy with firm confidence in development, and its principal coal business has achieved scale development. The Group has expedited the extension of coal business to coal chemical and coal power generation areas, and has enhanced value-added capabilities of the overall industry chain. The Group has created a compact industrial chain, and promoted a shift of development model from a scale and speed-oriented growth model to a quality and efficiency-focused model, thus continuously improving its core competitiveness. The Group 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 taking solid steps towards high-quality development.

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

In recent years, against the backdrop of climate change and geopolitical dynamics, global energy security has encountered continuous threats and there has been a profound transformation in the energy system, with the promotion of green and low-carbon transition. Energy security issues have become more prominent. Despite the declining share of coal in total energy consumption, coal and coal power still play a crucial role in the national energy consumption given the domestic resource endowment and energy security considerations, acting as the "solid foundation" and "stabiliser" for ensuring energy security. According to data published by the National Bureau of Statistics, the raw coal production of coal enterprises above designated size nationwide in 2023 was 4.66 billion tonnes, representing a year-on-year increase of 2.9%, hitting the highest level in history. Of these, the number of enterprises with a raw coal output of over 100 million tonnes nationwide reached 8, one more as compared to last year, and these enterprises have achieved a total raw coal output of 2.23 billion tonnes, representing an increase of 70 million tonnes or 3% over 2022, the number of enterprises with raw coal production of over 50 million tonnes nationwide reached 17, and these enterprises have achieved a total output of 2.79 billion tonnes, representing an increase of 70 million tonnes or 2.6% over 2022. Overall, with the deepening of the supply-side structural reform in the coal industry and increasing concentration of the industry, the Group's market power of large coal enterprises has been further increased.

In terms of coal chemical industry, the market competition of China's urea industry is relatively sufficient. In 2023, the concentration of production capacity among the top five companies in the urea industry was 18.3%, an increase of 0.5 percentage point compared to 2022, and it is expected to maintain stable with a slight increase in 2024. The production capacity of polyolefin industry was intensively launched in 2023, and the market competition has become more intense with a downward trend in concentration ratio in the industry.

In terms of the coal mining equipment manufacturing industry, with the rapid development of intelligent and digital transformation in the coal industry, the demand for coal mining equipment continued to grow, showing a promising prospect for the market of intelligent coal mining equipment. However, higher requirements for high-end, intelligent, and green coal mining equipment have been proposed. Meanwhile, the concentration of the coal mining equipment manufacturing industry has been further increased. In 2024, the overall market share of the top five coal mining equipment enterprises is expected to exceed 50% of the sales revenue of the "Top 50" coal mining machinery enterprises, and the market share of segmented markets such as high-end coal mining equipment and intelligent coal mining equipment shall be around 80%.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE GROUP

Looking forward to 2024, in terms of coal industry, in the current context of significant changes in energy landscape, ensuring energy security remains a top priority for stable and sustained economic development. It is expected that relevant departments at the national level will strategically plan and address medium to long-term issues in the development of the coal industry. This includes further improving the coal production, supply, storage, and sales system, steadily advancing the "carbon emissions peak and carbon neutrality" action plan, and further optimising the medium and long-term coal pricing mechanism, thus maintaining the coal prices within a reasonable range, balancing various relationships, such as government and market, supply and energy conservation, cost and price, to ensure the stable and long-term development of the industry.

In terms of coal chemical industry, it is expected that domestic urea production capacity will increase by 4.25 million tonnes in 2024, with a projected capacity release of 8.25 million tonnes, retirement capacity of 2.40 million tonnes, and technical transformation capacity of 1.60 million tonnes. The annual production capacity growth rate is expected to be 5.5%. China's urea demand mainly comes from three parts, namely, agricultural demand, industrial demand and export demand. Strong demand in agriculture and stable demand from industry and exports are anticipated in 2024, leading to an improvement in the domestic urea supply situation in 2024. It is expected that the supply and demand of the urea market will be balanced, and the urea industry is expected to maintain a reasonable level of profitability. The domestic polyolefin industry is still in the capacity release period in 2024. It is estimated that the new polyethylene production capacity will reach 6.13 million tonnes and the new polypropylene production capacity will reach 8.805 million tonnes. With the stabilisation and recovery of the domestic economy, stable growth in domestic polyolefin demand is expected in 2024, but the export situation for plastic products is not optimistic. Given the intensive launch of capacity, the overall profitability of the polyolefin industry is expected to hover at a low level in 2024.

In terms of coal mining equipment manufacturing industry, in accordance with the national policies such as Guiding Opinions on Accelerating the Intelligent Development of Coal Mines, Notice on Supporting and Encouraging the Development and Application of Intelligent Coal Mining Technology and Equipment, and Guidelines for Intelligent Development of Coal Mines, coupled with the introduction of supporting policies in major coal producing regions, the demand for high-end, intelligent, and green coal mining equipment will continue to increase in the coming years with the construction of national intelligent coal mining. Coal mining equipment will develop in the direction of innovation-driven, intelligent manufacturing, green manufacturing and service-oriented manufacturing. Meanwhile, professional service models are expected to become the mainstream for coal mining equipment, driven by market demand and industrial policies. Suppliers providing comprehensive equipment and providers offering a full life cycle will still be the main direction for major coal mining machinery enterprises to compete in the market.

V. PRODUCTION AND OPERATION PLANS OF THE GROUP IN 2024

In 2024, the Group will adhere to the general principle of making progress amid stability. Focusing on enhancing core functions and improving core competitiveness, the Group will continue to promote the “efficiency enhancement and incremental transformation” strategy, which emphasise the improvement of technological innovation capabilities and value creation capabilities. The Group will strive to achieve high-quality development of enterprises. The annual production and sales volumes of self-produced commercial coal, polyolefin products and urea are planned to achieve more than 129.00 million tonnes, more than 1.45 million tonnes and more than 1.85 million tonnes, respectively. The Group will continue to carry out special actions to improve quality and efficiency and stabilize the growth, and strive to achieve satisfying operating results in the absence of major changes in the market. The Group will focus on the following tasks:

Firstly, strengthen efficient production and sales collaboration and improve energy supply capability. The Group will use efficient coordination of production and sales as the driving force of stable growth, scientifically organising production and sales, and enhancing production efficiency by increasing excavation and stripping in coal enterprises. Coal chemical enterprises maintain the coal chemical equipment of “work safety, stable production, long-period operation, fully-loaded operation and producing quality products”, strive to increase production, sales and supply, and implement national energy and chemical fertilisers supply requirements.

Secondly, strengthen the control and governance of major risks and hidden dangers to provide a secure foundation for high-quality development. The Group will adhere to the target of “zero death”. Starting from scratch and striving for zero incidents, the Group will enhance source control, system control, and comprehensive governance, improve the level of “human defense, physical defense and technical defense”, advance the construction of safety culture of “rule-abiding” to strengthen intrinsic safety.

Thirdly, enhance the promotion of key projects and accelerate the optimisation and adjustment of industrial structure. The Group will scientifically allocate resources, systematically promote key project construction, accelerate the implementation of the “two combinations”, solidly promote the coordinated development of industrial chains, deeply explore the value of dense industrial chains, focus on advancing the layout of strategic emerging industries, and promote the high-quality transformation and development of the Group.

Fourthly, strengthen refined and lean management to fully explore the innovation and efficiency potential. The Group will focus on key areas of value creation and core resources, target to become a world-class and industry-leading enterprise promote lean management, and enhance the operational control capabilities throughout the lifecycle. The Group will advance projects for digital transformation to effectively enhance the Group’s efficiency of management and control and management level.

Fifthly, strengthen the enhancement of innovation capabilities and actively cultivate new quality production forces. The Group will thoroughly implement the innovation-driven development strategy, continuously improve the "small internal brain + large external brain" technology innovation operation system, and deepen the integration of industry, academia, and research to promote industrial innovation in the areas of safe and green coal development, clean and efficient utilisation, high-end coal chemical engineering, and intelligent equipment manufacturing.

Sixthly, strengthen reforms in key areas and further implement actions to deepen and enhance the reform of state-owned enterprises. The Group will focus on enhancing core functions and improving core competitiveness, effectively play a leading role, and deepen reforms related to optimising resource allocation, improving institutional mechanisms, and enhancing system guarantees, promoting deep and practical reforms, and continuously releasing vitality and momentum.

Seventhly, strengthen the control of major risks to help the enterprises operate steadily and achieve long-term success. The Group will coordinate development and safety, fully identify various risks of the Group, continue to strictly prevent safe production, ecological and environmental protection, market changes, project management, liquidity, and investment risks, strongly hold the bottom line of no major risks, and create a favourable development environment.

Eighthly, strengthen market value management and improve corporate governance capabilities. The Group will deeply promote the dedicated work of improving the quality of listed companies controlled by state-owned enterprises, continuously strengthen the compliance awareness of managers at all levels, enhance the standardised operation level and information disclosure quality of the Group, strengthen regular and multi-level communication with investors, and maintain a good image of the Group in the capital market.

Meanwhile, since various uncertainties still exist amidst the external environment, supervision pressures on safe production and environmental protection have continued to edge 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 Group. Thus, the operation plans disclosed herein would not constitute any commitment to results to investors by the Group. Investors should be informed and aware of the risks in this connection.

VI. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group took the Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era as a guidance and comprehensively carried out the spirit of the 20th Party Congress. The Group diligently followed Xi Jinping's thoughts on ecological civilisation, implemented the deployment of the National Ecological and Environmental Protection Conference, adhered to precise pollution control, scientific pollution control and lawful pollution control, fulfilled the political responsibility, main responsibility and social responsibility of Central Enterprises for ecological and environmental protection, strengthened ecological and environmental management and control, effectively prevented and resolved ecological and environmental risks, and promoted the green, low-carbon and high-quality development of enterprises.

Developing green coal. The Group continuously strengthened the control of dust from open-pit mining, took comprehensive measures such as wet operations, leveling roadways, and enhanced monitoring to effectively control dust pollution. The Group completed the construction of mining underground water utilisation projects, realising on-site reuse of mining water. The Group actively promoted the application of technologies such as underground filling of gangue and layer separation grouting, constructing a comprehensive utilisation system for coal gangue, fly ash and slag. The Group accelerated the construction or renovation of hazardous waste temporary storage facilities, strengthened the management of various stages of hazardous waste collection, storage and transfer, and basically achieved standardised management of hazardous waste. The Group actively practiced the concept of "lucid waters and lush mountains are invaluable assets", combined with the follow-up plan of the mining area and the actual situation of coal mining subsidence damage, formulated and implemented ecological governance plans for subsidence areas in underground mines, advanced the construction of green mines with high standards, and embarked on a path of ecological priority and high-quality green development. In 2023, the Group's integrated energy consumption of raw coal production, comprehensive utilisation rate of mining water, and integrated utilisation rate of coal gangue continued to keep ahead in the industry.

Creating green coal chemical industry. The Group thoroughly promoted pollution control, coordinated carbon reduction and pollution reduction, adhered to green and low-carbon development, and closely focused on annual environmental protection goals. The affiliated coal chemical enterprises continued to promote source governance process control, promoted VOCs prevention and control, created green factories, and strengthened environmental compliance management to comprehensively improve environmental management capabilities. Each enterprise has its own coal-fired boiler to undergo desulfurisation and denitrification, and the environmental protection facilities such as claus sulfur recycle, sewage treatment, and high-concentrated salt and water salt were operating steadily. With full completion of the prevention and control of volatile organic compounds "one factory, one policy", the treatment measures were being effectively implemented. Standardised management was realised in solid waste. The emissions of "three wastes" strictly adhered to the requirements of pollutant discharge permits. Pollutant emissions have significantly decreased, and 4 enterprises have completed environmental, energy, quality, and health and safety system certifications. The Group continuously promoted the construction of leak-free factories, increased technological investment, launched technologies and promoted advanced technologies such as recycling and reuse. Two provincial "Green Factory" enterprises have been awarded with certificates and special rewards.

Developing green electricity. The Group promoted the green and low-carbon transformation of energy, firmly promoted development of "two combinations", and focused on promoting coal-power integration. The Group accelerated the flexible transformation of coal-power units, and provided stable peak regulation capacity for the construction of a new power system with new energy as the main body, accelerated the promotion of integration of coal power and new energy, relied on peak coal-power projects, strengthened the new energy sector, accelerated the construction of a clean energy supply structure with clean energy as the mainstay and coal-power as the auxiliary, and achieved the efficient coordination of energy security goals and double-carbon goals. The Group conducted research and development and application demonstrations of low-carbon clean energy technologies, jointly conducted research and development of off-grid hydrogen production system in collaboration with schools and enterprises, explored suitable projects such as developing compressed air energy storage in abandoned mine, pumping energy storage, and electrochemical energy storage. The Group focused on promoting the construction of "digital China Coal", accelerated informationisation and digitisation transformation, solidly promoted the construction of the enterprise's digital foundation and upgrade of industrial digitalisation and intelligence. The Group organised and carried out demonstration and construction of new intelligent power plants, and accelerated the implementation of the overall planning of "intelligent power plants" to promote the construction of next-generation intelligent power plants.

Creating a green coal mining machinery industry actively. The Group strengthened, extended and replenished the industry chain direction of the manufacturing coal mining equipment, improved the shortcomings of the complete chain, explored the layout of upstream and downstream systems such as power supply, liquid supply, and air supply, and created the leader of the industrial chain. The Group focused on the transformation and upgrading in the areas of "three-isations", new energy equipment manufacturing, and high-end manufacturing. The Group strictly implemented pollutant discharge permits, continued to carry out clean production audits, vigorously implemented source control, focused on key prevention and control areas such as heavy metal emission reduction and volatile organic compound control. The Group focused on the construction of comprehensive service provider with an internationally competitive clean energy technology and equipment, which focused on the R&D and manufacturing of coal mining, transportation equipment and accessories of electrical and mechanical engineering equipment such as armoured-face conveyors, roadheaders, shearers, hydraulic roof supports, and introduced and absorbed the advanced technical process. The Group actively expanded the industries of environmental protection and comprehensive utilisation of resources, and promoted the utilisation of waste pressure and waste heat and reclaimed water. Zhangjiakou Coal Mining Machinery Company was awarded as a national "Green Factory".

VII. COMPLIANCE WITH LAWS AND REGULATIONS

During the reporting period, the Group did not fail to comply with relevant laws and regulations which might have a significant impact on its business.

With respect to its operations, the Group is subject to various laws and regulations, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Coal Industry Law of the People's Republic of China, the Mineral Resources Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, the Circular Economy Promotion Law of the People's Republic of China, the Law of the People's Republic of China on Evaluation of Environmental Effects, the Law of the People's Republic of China on Promoting Clean Production, etc., as well as other applicable regulations, policies and normative legal documents issued pursuant to or related to such laws and regulations, for example, Management Measures for the Independent Directors of Listed Companies. The Group has formulated a series of rules and regulations such as the Articles of Associations, the Rules of Procedures of Shareholders' General Meetings and the Rules of Procedures of the Board of Directors to ensure compliance with applicable laws, regulations and normative legal documents, especially those that may have a significant impact on its principal business. If there are any changes in the applicable laws, regulations and normative legal documents related to the principal business, the Group will revise the relevant rules and regulations in a timely manner according to the Group's actual conditions and inform the related staffs and operations teams.

In addition, the provisions of other relevant laws and regulations may also apply to the Group, for example, the Labour Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-Discipline Regulatory Guidelines of the Shanghai Stock Exchange No.5 – Transactions and Connected Transactions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Companies Ordinance (Chapter 622) and Securities and Futures Ordinance, etc. The Group is dedicated to ensuring compliance with such provisions through internal monitoring and approval procedures, training and supervision of different operating segments and other measures.

VIII. RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Committed to realising the sustainable development target of "optimising the comprehensive value of economy, society and environment", the Group deeply implemented a strategy for harmonious development, continually creating value for employees and customers and maintaining good relationships with suppliers. The Group understands deeply that the development of employees is the key assurance of sustainable development of the Group. Realisation and enhancement of employees' value would enable the achievement of the Group's overall target. Therefore, suggestions and opinions of our staffs and staff representatives are heard by the Group via various channels, such as the employees' representative conference, employee satisfaction surveys and forums, etc., which enable the Group to offer occupational training, better working environment and conditions, and provide long-term career prospects correspondingly. The Group attaches high importance to the selection of suppliers, and intends to establish a long-term partnership with high-quality suppliers who will be selected through tendering and other methods at arm's length for mutual benefit. In order to strengthen the Group's core competitiveness, the Group upholds a "customer-centric, market-oriented" marketing concept, and keeps itself informed of customers' needs instantly through service hotline, after-sale service, seminars and regular visits, thus providing quality and personalised products and services to customers. For the year ended 31 December 2023, the Group did not have any substantial disputes with its suppliers and/or clients.

Capital Expenditure

I. PERFORMANCE FOR CAPITAL EXPENDITURE BUDGETED FOR 2023

(1) Capital Expenditure

In 2023, the Group's capital expenditure budget closely focused on business segments, namely coal, coal chemical, coal power, new energy, coal mining equipment, and consisted of three categories, including infrastructure projects, equity investment and investment in technological transformation and upgrade. The total capital expenditure budgeted for 2023 was RMB18.020 billion, of which RMB15.757 billion or 87.44% was invested in total during the reporting period.

Performance of Capital Expenditure Budgeted for 2023 (By Item)

RMB100 million

Item of capital expenditure	**Actual investment in 2023**	Budgeted investment in 2023	Investment percentage (%)
Total	**157.57**	180.20	87.44%
Infrastructure projects	**65.00**	118.34	54.93%
Equity investment	**0.59**	0.60	98.33%
Technological transformation and upgrade	**91.98**	61.26	150.15%

Performance of Capital Expenditure Budgeted for 2023 (By Business Segment)

RMB100 million

Business segment	**Actual investment in 2023**	Budgeted investment in 2023	Investment percentage (%)
Total	**157.57**	180.20	87.44%
Coal	**116.12**	104.56	111.06%
Coal chemical	**18.56**	38.04	48.79%
Coal power	**13.62**	18.83	72.33%
New energy	**5.10**	14.00	36.43%
Coal mining equipment	**4.12**	4.72	87.29%
Other	**0.05**	0.05	100.00%

(2) Progress of Key Projects

With a total investment of RMB17.066 billion, Dahaize Coal Mine and auxiliary coal preparation plant project was approved by the National Development and Reform Commission to adjust its capacity from 15 million tonnes/year to 20 million tonnes/year. In 2023, the investment was RMB2.249 billion, with a cumulative investment of RMB16.964 billion. The project has been completed for operation.

Capital Expenditure

With a total investment of RMB9.495 billion and a capacity of 4 million tonnes/year, Libi Coal Mine and coal preparation plant project was affected by factors such as significant change of geological conditions upon the coal uncovering process, adjustment of price difference of salary and material prices as well as upgrading of requirements for intelligent mine pits. In 2023, the investment was RMB897 million, with a cumulative investment of RMB4.047 billion. The project is under construction.

With a total investment of RMB3.985 billion and a capacity of 2.40 million tonnes/year, Weizigou Coal Mine and coal preparation plant project was affected by factors such as long stoppage period under regional policy and the improvement of safety management standards during the construction process. During the period, there were relatively significant changes in terms of, among other things, coal mine construction standards and price indicators. In 2023, the investment was RMB308 million, with a cumulative investment of RMB2.410 billion. The project is under construction.

With a total investment of RMB3.197 billion, the Antaibao 2×350MW low calorific value coal power generation project was designed to have a capacity of 2×350MW. In 2023, the investment was RMB1.107 billion, with a cumulative investment of RMB2.674 billion. In 2024, two sets of machines are about to be completed for operation.

With a total investment of RMB5.762 billion and a capacity of 2X660MW, Wushenqi power plant project has been approved and formulated investment policy. In 2023, the investment was RMB64 million, with a cumulative investment of RMB65 million. The project is planned to commence construction in 2024.

With a total investment of RMB23.888 billion and a capacity of 900,000 tonnes polyolefin/year, Yulin coal deep processing base project has been approved and formulated investment policy. In 2023, the investment was RMB971 million, with a cumulative investment of RMB1.036 billion. The project is planned to commence construction in 2024.

With a total investment of RMB4.474 billion, "Liquid Sunlight" project involved the new construction of 625MW wind and photovoltaic power generation, the production of 21,000 tonnes hydrogen/year with electrolysis of water, the production of 100,000 tonnes of methanol/year with CO2 and hydrogen (including the collection and refining of 150,000 tonnes CO2/year) as well as public auxiliary facilities and has been approved and formulated investment policy. In 2023, the investment was RMB22 million, with a cumulative investment of RMB49 million.

II. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2024

The Group is firmly insisting on the master principles of seeking progress while prioritising stability, and capturing the strategic opportunity brought by "two combinations" in accordance with the requirements of high-quality development putting the development direction of "efficiency enhancement and incremental transformation" into practice. Driven by technological innovation and anchored on major projects, the capital expenditure for 2024 is scientifically and reasonably arranged, with main investment in coal, coal chemical, coal power, new energy and coal mining equipment.

The Group's capital expenditure plan for 2024 is RMB16.009 billion, representing an increase of 1.6% as compared with that of 2023. Out of the capital expenditure budget stated above, RMB8.726 billion is planned to be invested in basic construction projects; RMB245 million will be invested in equity investment; and RMB7.038 billion will be invested in technological transformation and upgrade.

Capital expenditure budget by business segment is as follows:

RMB100 million

Business segment	**Budgeted investment in 2024**	Actual investment in 2023	Increase/ decrease in budgeted investment in 2024 compared with actual investment in 2023 (%)	Percentage of total (%)
Total	**160.09**	157.57	1.6%	100.00%
Coal	**75.56**	116.12	-34.93%	47.20%
Coal chemical	**48.76**	18.56	162.72%	30.46%
Coal power	**14.24**	13.62	4.55%	8.89%
New energy	**16.75**	5.10	228.43%	10.46%
Coal mining equipment	**4.58**	4.12	11.17%	2.86%
Other	**0.20**	0.05	300.00%	0.12%

The major equity investment projects in 2024 include the construction of dedicated Dahaize railway line jointly invested by Shaanxi Company under the Group and Haoji Railway Co., Ltd. In 2024, the Group will arrange reasonable scale and pace of financing according to the needs of production and operation, and the budgeted capital expenditure. Detailed arrangements will be made with reference to the actual conditions of the Group.

According to the development objectives and plan of the Group, the budgeted capital expenditure may be subject to changes in line with the Group's business development (including potential acquisitions), the progress of the investment projects, the change in market conditions and the status of obtaining the required government approvals and regulatory documents. The Group will make disclosures in a timely manner in accordance with the requirements of the regulatory authorities and the stock exchanges.

III. CORPORATE DEVELOPMENT STRATEGY

Guided by Xi Jinping's Thoughts on Socialism with Chinese Characteristics for a New Era, the Company has thoroughly carried out the spirit of the 20th Party Congress and 20 sessions of the National People's Congress, while deeply implemented the new energy safety strategy with "four reforms and one cooperation". By fully, actively and stability fostering the significant strategic decision on carbon emissions peak and carbon neutrality, the Company firmly establishes itself as a better and bigger national capital and state-owned enterprise, and puts the core functions of securing energy safety and supply and promoting green transformation into fully play. The Company upholds its development strategy and fully implements the development directions of "full efficiency enhancement and incremental transformation" to build a dense industry chain for coal, coal power, new energy and coal chemical, while refines and optimises the comprehensive energy service industry. By 2035, the Group will become a world-class energy enterprise of multi-energy complementation, green and low-carbon, innovation demonstration and modern governance.

Capital Expenditure

To strongly enhance carbon supply capability and industry leading status. The Company will organise and optimise the deployment of production and development, actively develop advanced production capacity, continuously enhance coal supply quality, and fully strengthen the quality of marketing. The Company will enhance its precise marketing service level, accelerate the construction of big marketing management system with China Coal characteristics, steadily enhance its energy safety and supply security capability, continuously increase industry competitiveness, and lead and facilitate high-quality and sustainable development of coal industry in the PRC.

To actively facilitate "two combinations" for enhancement of risk resistance. Based on the advantages of coal resources and industry and by implementing the development mode of the "two combinations", the Company actively promotes big coal base and the combined deployment of coal power. With the stable development of coal power industry, the level of integrated collaboration between coal and coal power industry has been effectively enhanced. Directed by green and low-carbon transformation and fueled by its own resources under the supplement of external expansion, the Company will focus on the development of tremendous new energy base and integration of source-network-load-storage demonstration project which suit the combination of coal power and new energy. The Company will explore multi-energy complementation development mode and put efforts on adjusting its electric installed structure.

To develop modern coal chemical industry in high-end, low-carbon and industrial park-based manner. The Company will organise the "dual carbon" strategic requirement, the demand from national energy safety strategy and the actual situation of the industry to scientifically and reasonably plan for the development scale of coal chemical industry. By developing in high-end, diversified, low-carbon and industrial park-based manner, the Company will unleash projects for upgrading storage and steadily deploy in increment projects to fully put the "raw material" function of coal into play. By extending industry chain, increasing the coal-based polygeneration levels and added value of products, the Company will build a demonstration and leading modern coal chemical industrial cluster.

To refine and strengthen comprehensive energy service industry. By placing equipment manufacturing industry as the core component of the chain and regarding comprehensive energy service as key demonstration under the active supplement of other coal-based service and business, the Company will fully facilitate thorough enterprises deep reform, expertise enhancement, business resources consolidation, commercial model innovation as well as internal and external market expansion. The Company will concentrate on the high-quality development of coal-based industry, high-end intelligent innovation of energy and equipment, development of overground and underground space and resources for coal mines, formulation of project demonstration in terms of innovative comprehensive energy service model, thus realizing the modern development of comprehensive energy service.

Technological Innovations

In 2023, the Group thoroughly implemented innovation-driven development strategies, focused on the development concept of "efficiency enhancement and incremental transformation", strengthened the status of corporate technological innovation subject, and put the advantages of industry and scenario into play. By insisting on being demand-oriented, focusing on innovation and effectiveness, optimising innovation deployment and consolidating the foundation for innovation, the Company optimised its corporate technology and innovation system, integrated into the national technological innovation system, made advancement in terms of system and mechanism reform, and enhanced its technology and innovation capabilities. The Group concentrated on the demand of national energy safety strategy, green and low-carbon transformation of energy industry and self-reliance and strengthening of energy and technology. While greatly facilitating the breakthroughs of key and core technologies, advanced technologies and "stuck neck" technologies, the Group created the source of original technologies and placed efforts on the development of strategic emerging industries and future industries, accelerating the formation of new quality productivity under a modern industry system driven by technological innovation. With the continuous optimisation of technology and innovation system, continuous improvement in innovation capability and continuous emergence of technological results, the Group kept on realising its transformation and development under the support of technological innovation.

I. DEEPENING THE REFORM OF THE SCIENCE AND TECHNOLOGY SYSTEM AND ENHANCING THE MOMENTUM OF SCIENCE AND TECHNOLOGY INNOVATION

The Group comprehensively deepened the reform of scientific and technological innovation system and mechanism, while continuously improving the scientific and technological innovation system, organised and amended a series of scientific and technological innovation management systems that can release the innovation momentum, and it strongly supported the refined management of scientific and technological innovation in accordance with the idea of "focusing on the strategic needs of national energy security, concentrating on the layout of national strategic scientific and technological strength, dedicating to the realisation of self-reliance and self-enhancement of energy technology and focusing on the green and low-carbon transformation of the coal industry". The Group accelerated the construction of an innovation platform and promoted the construction of professional research institutes and "Digital China Coal". We will "select, cultivate and retain" scientific and technological talents, adopt market-oriented employment and selection as well as contractual employment management, rely on scientific research projects to cultivate scientific and technological talents, cultivate and introduce high-end and urgently needed scientific and technological talents under the support of incentive policies for scientific and technological talents.

As at the end of 2023, the Group has established an autonomous, open and collective research system anchored on China Coal and Coal Chemical Research Institute, China Coal Equipment Research Institute, one national energy coal mining extraction equipment R&D (experimental) centre, two national enterprise technology centres, two national energy technology equipment evaluation centres, seven nationally recognized laboratories, seven provincial enterprise technology centres, one provincial enterprise research and development centre, three provincial engineering research centres, five provincial engineering research centres, four provincial technological innovation centres, five postdoctoral research stations, two provincial postdoctoral innovation practice bases, 18 high-tech enterprises, four "mass entrepreneurship and innovation" demonstration bases, which has significantly enhanced its technological R&D capability.

Technological Innovations

II. FOCUSING ON MAJOR NEEDS OF ENTERPRISES AND STRENGTHENING CORE TECHNOLOGY BREAKTHROUGHS

First is to achieve key technology breakthroughs. The "Key Technology and Application of Intelligent Construction for the Whole Mine Pit of Extra Large Dahaize Coal Mine" formulated the results for key technology and application of intelligent construction for the whole mine pit of 20.00 million tonnes world largest vertical wall coal mine. The research results reached a world leading standard and were conferred the first-tier prize in scientific technology of the year 2023 by China National Coal Association. The "Research and Application of Intelligent Key Technology for Pingshuo Open Mine" project realised the synergic operation of intelligent decision making and automation for various systems such as perforation, blasting, extraction and installation and transportation, and the research results reached a world advanced level.

Second is to continuously showcase the effectiveness of treatment and control of material coal mine disaster. The Company fostered the studies and breakthrough in deep Jurassic-class coal seams and water-rich coal seams, thereby formulating a close-range coal seam water hazard prevention and control technology system under high-pressure aquifers. By promoting the integrated monitoring technology and research for "space, sky and ground", the Company has resolved the technological challenges arising from geological hazards and ecological and environmental protection. With the research and development of key technologies and complete equipment, including post-mining backfilling, layer separation grouting and four-dimensional integrated filling of slurries for coal mines, the Company achieved safe, green and efficient disposal of coal mine solid wastes.

Third is to keep on enhancing intelligent coal mine construction and the level of intelligent manufacturing. 46 intelligent mining faces have been established. Pingshuo Group's first 120 tonne electric charging heavy-duty truck was put into trial operation at Anjialing Open Pit Mine. Zhangjiakou Coal Mining Machinery Company became the first "Green Factory" in coal industry, and the high-end intelligent coal machine and equipment developed by Equipment Company have supported the construction of nearly 70% of intelligent work faces with annual capacity of ten thousand million tonnes nationwide. Shaanxi Company's intelligent manufacturing demonstration factory was selected as the 2023 Intelligent Manufacturing Demonstration Factory. The "China Coal Shaanxi Dahaize 5G Dual-Frequency Networking Empowerment of Intelligent Mine" project won the "5G Energy Challenge Award" from the Global System for Mobile Communications Association (GSMA).

III. INCREASING R&D INVESTMENT AND IMPROVING INDUSTRY SERVICE EFFICIENCY

The annual R&D investment was RMB4.279 billion, representing a year-on-year increase of 0.19 pps as a percentage of operating revenue. The Company adopted an innovative organisation and management mean for technological projects, and published the lists of "Enlisting and Leading" for 5 technological projects to the public. The lists accumulated RMB23.70 million in aggregate, gathering advantages and scientific research forces to tackle significant technology bottle neck.

During the year, the Group won a total of 45 technology progress awards in the industry at provincial and municipal levels, including 23 Technology Progress Prizes from China National Coal Association.

Note: The relevant statistical calibre refers to the relevant standards of the Notice on Issuing the Statistical Specifications for Research and Experiment (R&D) Input (Trial) (G.T.Z. [2019] No. 47) issued by National Bureau of Statistics.

Investor Relations

In 2023, the Company adhered to the principles of being "proactive, accurate, coordinated, effective, comprehensive, honest and compliant", established an effective communication mechanism with investors, and successfully completed the annual investor relations management work.

To perform information disclosure obligations in a compliant manner under the law. The Group strictly complied with the requirements under the latest domestic and foreign information disclosure standards and industry disclosure guidelines. By combining the actual situation of the Group and taking into account of the regulatory differences between Shanghai and Hong Kong, the Group upheld the principles of being "true, accurate, complete, timely, fair, simple and clear, easy to understand, stringent and objective with more stringent standards prevail" for information disclosure. The Group determines to eliminate false record, misleading statements or material omission. During the reporting period, the Company prepared the disclosure of 4 A+H periodic reports (in Chinese, English and Japanese), over 70 provisional announcements totalling over 300 articles, and thus realised zero enquiry from regulatory institutions. The Group maintained A grade in the information disclosure evaluation of the Shanghai Stock Exchange for 14 consecutive years.

To conduct investor exchange in an effective and high-quality manner. Guided by investors' demand, the Group has established a comprehensive interactive platform to maintain good communication with all types of investors and continued to enhance a zero-barrier communication and exchange mechanism via various platforms and means such as investor meetings, conference calls, forum, mailboxes and E-Interaction Platform of the Shanghai Stock Exchange. The Company kept innovating market communication and exchange means and pioneered in convening monthly production and operation explanation meeting among listed state-owned enterprises to conduct in-depth communication with investors in terms of monthly production, sales and market changes. The Company adopted both telephone conferences and internet interactions for interaction to convene periodic results roadshow in a high-quality manner, fostered the positive dissemination of corporate value, and increased the recognition from the capital market.

To improve capital market information collection and feedback. The Group actively tracked and analysed the concerns of the capital market, strengthened the monitoring of the Group's research reports, maintained smooth communication with mainstream media, fostered positive information dissemination, and eliminated the mismatch of market information to the greatest extent. Through answering questions, peer exchange and other means, the Group extensively collected suggestions and opinions from small and medium investors. The Group prepared information such as news compilation, investor relations monthly report, benchmark analysis report and Q&A reference manual on a regular basis, with focus on key capital market news, peer announcements, analysis on change in shareholders, industry comparison, violation cases and other aspects for the management to make reference to at decision making.

In 2023, the Company conducted over 100 investor exchange campaigns with over 8,000 participants, which marked another record high. With the establishment of high-quality and professional results roadshow team, the Company organised 4 quality annual, interim and quarterly results roadshow and 12 monthly production and operation explanation meetings. Over 1,500 questions were answered with better investor visit and telephone exchange as well as reply on E-Interaction Platform of the Shanghai Stock Exchange. The Company organised investors to participate in "Investors into Listed State-owned Enterprise" campaign in Pingshuo Coal Mine to increase the understanding and recognition of investors on the Group. Collection and compilation of capital market information were improved, and over 1,000 investor relations monthly reports, capital market analysis reports and various news information were prepared and distributed.

Looking forward, the Group will continue to uphold the concept of "value comes first", continue to optimise corporate governance and information disclosure, enhance the exchange and interaction with investors, and strive to become a role model for listed companies which allows investors to get closer, understand better, see clearly and maintain confidence.

Safety, Health, Environmental Protection and Social Responsibility

I. SAFETY PRODUCTION

In 2023, the Group conscientiously implemented the superior department's arrangement for work and production safety, adhered to putting people and life into priority, insisted on starting from scratch and striving towards zero accidents, firmly determined safety responsibilities, refined safety management, strengthened on-site implementation, strictly monitored and examined, and greatly fostered key campaigns such as specific investigation and treatment of material incidents and hazards as well as year for enhancement of safety management. With thorough commencement of specific treatment of formalism and bureaucracy, 100-day rectification and other special campaigns, the safe production situation was generally stable.

Firstly, effectively prevented and resolved significant security risks. The Company deepened the construction of dual prevention mechanism, comprehensively improved the quality of risk identification and management and control, and optimised a major safety risk management and control mechanism of "annual identification, quarterly evaluation, monthly summary and weekly analysis" to effectively prevent safety risk. The Company enhanced the intelligent level of security risks management and control, established intelligent monitoring and alert system platform regarding coal mine safety risk, and completed the construction of dual prevention mechanism and digital platform for 5 coal chemical units. Intelligent monitoring, advance alert, comprehensive analysis, management and tracking of material safety risk hazards were realised. By adopting means such as expert consultation and business consultation, over a hundred key safety challenges and issues were studied and resolved, and material safety risk was predicted and controlled in advance.

Secondly, continuously enhanced the capability to ensure safety. The Company thoroughly conducted the standardisation of coal mine safety production, and 11 coal mines including Anjialing Coal Mine have been rated as level 1 of national safe production standardised management system, with increasing capability to ensure safety. The intelligent construction of coal mines was accelerated in 2023, and a total of 9 coal mines of the Group have undergone intelligent coal mine examination and acceptance. In particular, 2 coal mines, namely Wangjialing Coal Mine of Huajin Group and East Open Pit Coal Mine of Pingshuo Group, were among the first national intelligent demonstration coal mines which passed expert's examination and acceptance. The Company continued to promote "one optimisation and three reduction", invested RMB2.868 billion in safety expenses, vigorously improved the level of core mine equipment, promoted the application of advanced equipment such as 1,000-meter directional drilling rigs, and completed over a hundred major production system renovation projects such as "one ventilation and three preventions", water prevention and control, and electromechanical transportation. The construction of the emergency rescue system was strengthened, and 3 national teams including China Coal Pingshuo team and Shaanxi team under national dangerous chemicals emergency rescue as well as China Coal Datun team under national mine emergency rescue, were publicly approved by the Ministry of Emergency Management, to further improve emergency rescue capacity.

Thirdly, secured safety responsibilities level by level. The Company optimised the safety management system and the implementation and evaluation system for safe production responsibilities for management personnel at all levels. Over 4,500 items of safety production system for positions were amended and improved, thereby plugging the loopholes in the safety management system and firmly securing safety production responsibilities level by level. The Group innovated in safety evaluation means and established safety target remuneration management measures for persons-in-charge of subsidiaries. Safety targets and assessment of safety processes were highlighted to enforce safety responsibilities. 6 coal mine enterprises have commenced safety results evaluation and safety audit and evaluation works for 5 coal chemical production units in operation were completed, which further fostered persons-in-charge of the enterprises to duly perform their duties. The security assurance was implemented at all levels, including 28 mines (plants), to promote the implementation of the on-site safety responsibility. The Group adhered to the system of Safety Committee, regular meeting with the director of the Administration of Work Safety and monthly safety production video conference. The Company constantly conducted safety monitoring and examination, and continuously promoted the implementation of key safety tasks.

Fourthly, maintained an aggressive attitude in safety production. The Company organised and conducted campaigns such as special investigation and rectification of material incidents and hazards, Safety Management Enhancement Year for Central Enterprises, special supervision on safety production, normalised safety supervision, Production Safety Month, 100-day Safety, which maintained an aggressive attitude in safety and created a strong safety atmosphere. The Company issued special rectification task proposals on tackling formalism and bureaucracy in safety production field. Surrounding the specific situation of 60 types of formalism and bureaucracy in 10 aspects, the Company conducted in-depth and specific rectification to firmly improve the work style regarding safety production. The Group insisted on strict evaluation and accountability, and amended the accountability for production safety incident for the Group's enterprises to increase the enforcement of accountability and implement precise accountability. By fully fostering the establishment of video AI "anti-3 violations" platform, the Company has gradually realised the complete video surveillance coverage of key sites to put the deterrence effect of video surveillance into full play.

II. OCCUPATIONAL HEALTH

Adhering to the "prevention-based and prevention and remediation-combined" working approach, the Group adhered to the strategies of "prevention, treatment, management, education and establishment" and seriously optimised various tasks on occupational health prevention and control to continuously enhance the physical and mental health of its employees. Firstly, the Group continued to commence campaigns of establishing a healthy enterprise and striving to become a health guru. Work environment and labour conditions were improved to satisfy the occupational health demand, while corporate health culture was established to increase the level of health management and service, thereby realising the coordinated development between enterprise and employees' health. Secondly, the Company continued to optimise occupational health management system, occupational health organisation structure and various occupational health management system. The accountability system on occupational health prevention and control for all members was implemented to enhance the capability of preventing and controlling occupational hazards and to transform from cure-oriented to health-oriented. Thirdly, the Group edged up the promotion of laws on occupational health prevention and control to raise up the awareness of the laws among enterprises and employees. Environment and atmosphere of acknowledging, respecting and complying with the laws were established, while the subject responsibilities on occupational health prevention and control were implemented, thereby concretely securing the occupational health interests of all employees. Fourthly, the Group increased its capital investment and implemented occupational diseases prevention and control plans. With strengthened treatment and control of occupational hazards from the source and management with on-site monitoring equipment, the Group has continuously increased the level of physical and technological prevention and utilisation of advanced technology to enhance the effectiveness of occupational hazards prevention and control.

III. ENVIRONMENTAL PROTECTION

The Group adhered to green development and strictly fulfilled the political, main and social responsibilities of central enterprises to protect the ecological environment. The Group adhered to pollution control in a precise, scientific and compliant manner, organised operation and development, energy supply and ecological and environmental protection works, therefore concretely avoided and resolved ecological and environmental risks. The major indicators continued to improve, and no unexpected environmental emergencies occurred. Numerous coal mines were selected into the State Green Mine Catalogue, and Zhangjiakou Coal Mining Machinery Company was awarded as national "Green Factory".

First, the Group continuously improved the ecological and environmental protection management and control system. The Group strictly implemented the requirements of "same accountability for CPC committee members and government officials, dual responsibilities for one post" and "environmental protection must be managed in the management of development, production and business". For continuous improvement in ecological and environmental protection organisation, responsibility, technological supervision and evaluation system, the Group formulated and amended relevant systems to further enhance the security for system and structure construction. While optimising the deployment of environment monitoring instruments and equipment, the Group regulated the monitoring statistics of ecological and environmental date, strengthened rationalisation and analysis and made forecast and alert. The Group strengthened the construction of environmental emergency response capabilities, carried out emergency drills for environmental emergencies in combination with industry characteristics, and improved emergency response capabilities. The Group broke down and implemented ecological and environmental protection objectives, indicators and tasks level by level, strictly and firmly determined the subject responsibilities of each enterprise to help them with high-quality development.

Second, the Group strictly prevented and controlled ecological and environmental risks. The Group kept on strengthening ecological and environmental protection investigation and rectification, organised its affiliates to conduct system inspection on pollution sources such as air, water, solid wastes and noise as well as environmental protection procedures. Lists for issues, tasks and responsibilities were prepared, and issues were managed by ledger, checklists and schedules. The Group strengthened the management and control on the entire process of construction projects. In particular, during the initial stage of projects, the Group strictly checked the quality of the environmental impact assessments and strengthened reviews on environmental protection content of project feasibility report and preliminary design to ensure that project constructions were in compliance with laws and requirements. During the construction period of the project, the environmental impact assessment, water and soil conservation plan and approval, environmental and water conservation acceptance, pollutant discharge permit and other policies and regulations should be strictly followed. When the project was completed and put into operation, the pollutant discharge permit should be applied in time, and the ecological and environmental risk is basically controllable.

Third, the Group comprehensively strengthened pollution prevention and control. The Group continued to facilitate air pollution treatment, accelerated replacement with clean energy and treatment for flue gas from boilers, enhanced the organisation for production and operation materials storage, transportation and sales, and continued to strengthen the comprehensive treatment of fugitive dust in open-pit mines. Focus was placed on wastewater treatment in key areas. By implementing wastewater treatment work and enhancing the qualitative treatment and utilisation of mine water and other wastewater, the wastewater reuse rate was further increased. The Group kept on strengthening the comprehensive utilisation of solid wastes and management of hazardous wastes, and actively promoted the utilisation of coal gangue with techniques such as layer separation grouting and underground filling. The Group greatly fostered ecological restoration and treatment of mine areas, strictly complied with the redline requirements for ecology and environment, concentrated on facilitating tasks such as land restoration, subsidence area treatment and soil and water conservation for coal enterprises.

Fourth, the Group focused on improving carbon emission management capability. The Group continued to strengthen control over carbon emission. Through establishing mechanism, innovative management and establishing platform, the Group enhanced the design of the top tier and accelerated the construction of carbon emission management system and structure and organisation structure, thus realised the real-time management of the Group's carbon emission, quota, emission reduction quantity and other data. Data and quality management for carbon emission have achieved significant results. Units included in the national carbon market have all completed the second-cycle performance as scheduled. Organisation and management of carbon peak campaign were strengthened to actively, steadily, scientifically and orderly implement carbon peak campaign. The Group was listed as the industry carbon peak "leader" enterprise in China in 2023, and was among one of the top 50 Chinese enterprises in terms of carbon neutrality contribution.

IV. SOCIAL RESPONSIBILITY

Details of social responsibilities are set out in the Environment, Social and Governance Report published by the Group on the HKSE Website, the SSE Website and the Company Website.

Directors, Supervisors, Senior Management and Employees

I. GENERAL INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Unit: Share

Name	Position held (Notes)	Gender	Age	Effective date of appointment	Termination date of appointment	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reasons for change	Total remuneration before tax received from the Company during the reporting period (RMB ten thousand)	Whether receiving remuneration from related parties of the Company
Wang Shudong	Chairman, Executive Director	Male	59	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	0	Yes
Peng Yi★	Vice Chairman, Executive Director	Male	61	March 2023	August 2023	0	0	0	–	0	Yes
Liao Huajin	Executive Director	Male	54	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	0	Yes
Zhao Rongzhe	President, Executive Director	Male	58	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	0	Yes
Xu Qian	Non-executive Director	Male	43	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	0	Yes
Zhang Chengjie●	Independent Non-executive Director	Male	70	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	9.00	No
Jing Fengru●	Independent Non-executive Director	Male	62	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	6.75	No
Hung Lo Shan Lusan	Independent Non-executive Director	Female	57	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	22.50	No
Zhang Ke★	Independent Non-executive Director	Male	70	October 2018	March 2023	0	0	0	–	7.50	No
Leung Chong Shun★	Independent Non-executive Director	Male	58	October 2018	March 2023	0	0	0	–	7.50	No
Wang Wenzhang	Shareholder Representative Supervisor (Convener)	Male	59	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	117.95	No
Zhang Qiaoqiao	Shareholder Representative Supervisor	Female	51	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	117.98	No

Directors, Supervisors, Senior Management and Employees

Unit: Share

Name	Position held (Notes)	Gender	Age	Effective date of appointment	Termination date of appointment	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reasons for change	Total remuneration before tax received from the Company during the reporting period (RMB ten thousand)	Whether receiving remuneration from related parties of the Company
Zhang Feng	Employee Representative Supervisor	Male	49	March 2023	Till the termination date of the terms of office of the fifth session of the Board	0	0	0	–	45.05	No
Zhang Shaoping★	Employee Representative Supervisor	Male	59	October 2018	March 2023	0	0	0	–	65.77	No
Ni Jiayu	Vice President	Male	52	March 2023	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	0	Yes
Chai Qiaolin◆	Chief Financial Officer	Male	55	March 2023	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	127.35	No
Zhang Guoxiu◆	Vice President	Male	57	March 2023	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	139.52	No
Jiang Qun◆	Secretary to the Board and Company Secretary	Male	53	March 2023	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	110.63	No
Total	/	/	/	/	/	0	0	0	/	777.50	/

Notes:

1. The remunerations of the above Directors, Supervisors and senior management are calculated based on the period during which they hold office.
2. The remunerations during the reporting period presented are the remunerations of Directors, Supervisors and senior management received from the Company.
3. ★Mr. Peng Yi reached retirement age in August 2023 and ceased to perform the duties of Vice President and Executive Director, In March 2023, upon the change of session of the Board and the Supervisory Committee, Mr. Zhang Ke, Mr. Leung Chong Shun and Mr. Zhang Shaoping resigned; Mr. Jing Fengru and Ms. Hung Lo Shan Lusan began to act as the Independent Non-executive Directors.
4. ◆Distribution ratio of performance-based salaries for this period is 70% (the remunerations listed above include deferred performance-based salaries from the previous year).
5. ●Mr. Zhang Chengjie and Mr. Jing Fengru are Independent non-executive Directors who have left the current office as head of central state-owned enterprises in the PRC, who shall receive standard work subsidies of RMB90,000.

Directors, Supervisors, Senior Management and Employees

II. MAJOR WORKING EXPERIENCE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Directors

1. **Wang Shudong**, born in 1964, is the Secretary of the Party Committee, an executive Director and the Chairman of the fifth session of the Board of the Company. He is currently the Secretary of the Party Committee and Chairman of China Coal Group, a representative of the 20th session of the National People's Congress, the Vice Chairman of China Coal Industry Association and the Vice President of China Electricity Council. He graduated from the Department of Power Engineering of North China Electric Power University majoring in power plant thermal energy and power engineering and obtained a bachelor's degree in engineering in July 1986. In June 1996, Mr. Wang obtained a master's degree from the Department of Power Engineering of North China Electric Power University majoring in power plant thermal energy and power engineering. Mr. Wang is qualified as a Senior Engineer and entitled to the special government allowance granted by the State Council. Mr. Wang has successively served as the member of the Party Committee, Deputy General Manager and Chief Engineer of China Power Investment Corporation (CPI) Northeast China Branch, the Deputy General Manager of CPI Huolinhe Coal Power Co., Ltd., the Chairman and Secretary of the Party Committee of CPI Huolinhe Coal-Power Group Co., Ltd., the Chairman and Secretary of the Party Committee of CPI Mengdong Energy Group Co., Ltd., the Director of the General Office of China Power Investment Corporation Limited, the Assistant to General Manager and Director of the General Office of China Power Investment Corporation Limited, the Assistant to General Manager of State Power Investment Corporation Limited, the member of Party Committee and Deputy General Manager of State Power Investment Corporation Limited. Mr. Wang has served as an executive director and the Chairman of the fourth session of the Board of the Company. Mr. Wang has long been engaged in the coal and power industry, and has extensive experience in corporate strategic planning, operation and management, etc.

2. **Liao Huajun**, born in 1969, is the Deputy Secretary of the Party Committee and an executive Director of the fifth session of the Board of the Company. He is currently the Deputy Secretary of the Party Committee and a director of China Coal Group. Mr. Liao graduated from Beijing Agricultural Engineering University (now known as China Agricultural University) majoring in applied electronic technology with a bachelor's degree in engineering in July 1992, and obtained a master's degree in economics from the Statistics Division of Renmin University of China in June 2005. Mr. Liao worked in the Second Bureau for the Administration of Corporate Executives of the SASAC under the State Council as Deputy Director of the First Division, Researcher, Director of the General Division and Head of the Third Division, and also as the Deputy Director of the Second Bureau for the Administration of Corporate Executives of the SASAC under the State Council, the Deputy Director and First-class Inspector. Mr. Liao has served in national departments for a long time and is familiar with national economic policies with extensive experience in human resources management, administration and management.

3. **Zhao Rongzhe**, born in 1965, is the Deputy Secretary of Party Committee, executive Director of the fifth session of the Board and the President of the Company. He is currently a Standing Member of Party Committee and Chief Accountant of China Coal Group, the Vice Chairman of the Council of China Coal Economy Research and a Director of Chinese Association of Chief Accountants. Mr. Zhao graduated from China University of Mining and Technology majoring in financial accounting with a bachelor's degree in economics in June 1989, and obtained an MBA degree from the Open University of Hong Kong in June 2011. Mr. Zhao is a Senior Accountant. Mr. Zhao has successively served as Chief Staff Member of Finance and Labour Department of Ministry of Coal Industry, Deputy Director of Finance Division in China National Coal Mining Equipment Company Limited, the Deputy Director of Asset and Finance Department in China National Coal Industry Import and Export Group Corporation, the Director of Asset and Finance Department in China Coal Group, the General Manager of Financial Management Headquarters of China Coal Group, the Deputy Chief Accountant of China Coal Group, and the Chairman of China Coal Finance Co., Ltd. Mr. Zhao has served as an executive Director of the fourth session of the Board and the President of the Company. Mr. Zhao has been engaged in the coal industry for a long time and has extensive experience in corporate financial management, capital operations and corporate reform.

4. **Xu Qian**, born in 1980, is a non-executive Director of the fifth session of the Board of the Company. He is currently an Assistant to the General Manager and Chief Investment Officer of Funde Sino Life Insurance Co., Ltd., and an Assistant to the General Manager of Fude Insurance Holdings Co., Ltd. Mr. Xu obtained a bachelor's degree from Jiangxi University of Finance and Economics majoring in international taxation in July 2001, a master's degree from the University of Birmingham in the United Kingdom majoring in international currency and banking in December 2003 and a doctoral degree from Cambridge University in the United Kingdom majoring in land economy in September 2011. Mr. Xu was a staff member of the retail business division of Bank of China, Jiangxi Branch, the Deputy Officer of the Monetary and Credit Management Department of the People's Bank of China, Shenzhen Central Branch, and the Researcher of the Research Department, the Head of the International Business Department, the General Manager of the Equity Investment Department, and the Assistant to the General Manager of the Life Insurance Asset Management Company. Mr. Xu has also served as the General Manager of the Investment Department III of Asset Management Centre and the General Manager of Asset Management Centre of Funde Sino Life Insurance Co., Ltd. Mr. Xu has profound knowledge in the research on China and overseas businesses and central banking systems, formulation and impact of monetary policies, land economy, the energy industry, macroeconomic cycle and employment issues. Mr. Xu has long been engaged in domestic and overseas investment and operation of finance and industry, and has extensive management experience in the energy and chemical industries.

Directors, Supervisors, Senior Management and Employees

5. **Zhang Chengjie**, born in 1953, is an independent non-executive Director of the fifth session of the Board of the Company and an External Director of State Grid Corporation of China. Mr. Zhang graduated from North China Electric Power Institute majoring in power system relay protection and automation. He served as the Deputy Secretary of Party Committee of North China Electric Power Institute, the Vice Principal of North China Electric Power University, the Secretary (director general level) of Party Committee of North China Electric Power University (Baoding), the Deputy Secretary of Party Committee and Secretary of Discipline Inspection Committee of North China Electric Power University, the Deputy Director and Party Branch Secretary of Human Resources Department of State Grid Corporation of China, the Director of Human Resources Department, Assistant to the General Manager and Director of Human Resources Department of China Guodian Corporation, the Vice General Manager and Party Leadership Group member of China Guodian Corporation, an Independent Non-executive Director of the fourth session of the Board of the Company as well as an External Director of China National Offshore Oil Corporation. Mr. Zhang is familiar with the operation of the power industry, and develops adequate understanding on the developing trends in such industry. He has rich experience in human resources and corporate management.

6. **Jing Fengru**, born in 1961, is an independent non-executive Director of the fifth session of the Board of the Company and an external director of China First Heavy Industries Group Co. Ltd. Mr. Jing graduated from Northeast Heavy Machinery Institute majoring in metallurgy equipment and process in August 1983, obtained a master's degree in engineering majoring in mechanical engineering from Yanshan University in July 2002, obtained a doctoral degree in engineering majoring in machinery design and theory from Yanshan University in October 2008 and the title of senior engineer. Mr. Jing served as the Deputy Head and Head of the Third Steel Plant of Angang, Department Head of the Equipment Department of Angang, Vice General Manager and Department Head of the Equipment Department of New Steel Company of Angang, Officer of Equipment Inspection and Repair Center of Angang, Department Head of the Project Management Department of Angang, Assistant to the General Manager, Member of the Party Committee and Vice General Manager of Anshan Iron and Steel Corporation, Vice General Manager of Angang Steel Company Limited, Assistant to the General Manager and Department Head of the Strategic Planning Department of Angang Steel Group Limited, and Member of the Party Committee and Vice General Manager of Angang Steel Group Limited. Mr. Jing is engaged in the metallurgical industry for a long time, and has extensive experience in strategic planning, investment and management of metallurgy and mines.

7. **Hung Lo Shan Lusan**, born in 1966, is an independent non-executive Director of the fifth session of the Board of the Company, an independent non-executive director of PetroChina Co. Ltd., a director of Higuma Consulting Limited, and an independent non-executive director of LH Group Ltd. She is the Hong Kong representative and a member of the executive committee of the fourteen session of the Beijing Women's Federation, a director and the deputy officer of the Economic Committee of Shandong Overseas Friendship Association, a member of the standing committee of Shandong Committee of the thirteen session of Chinese People's Political Consultative Conference, a member of the Business Facilitation Advisory Committee and a member of the Audit Sub-committee of the Housing Authority of the Hong Kong Special Administrative Region, a director of the school organization body of the HKCWC Hioe Tjo Yoeng Primary School, a member of the Hong Kong Breast Cancer Foundation Audit Committee, a member of the Owners' Corporation of Greenville Gardens, Shiu Fai Terrace, the Deputy Chief Secretary of All-China Women's Federation Hong Kong Delegates Association, the Chief Secretary of the Federation of HK Shandong Community Organisations Limited, the Deputy Chief Secretary and Voluntary Treasurer of the Association of the Hong Kong Members of Shandong's Chinese People's Political Consultative Conference Committees, a member of the eighth session of the Academic Committee of the Chinese Tax Institute, the Vice Chairperson of Hong Kong Business Accountants Association and a Director of the Taxation Institute of Hong Kong. Ms. Hung graduated from the University of New South Wales in Australia with a bachelor's degree in commerce in accounting, and has the qualifications of the Chartered Accountant Australia and New Zealand, Hong Kong Certified Public Accountant and Certified Tax Advisor. Ms. Hung has served as an accountant of Weston, Woodley & Robertson of Australia, the Deputy Manager of Tax Department of Ernst & Young, a Partner of Tax Department of Grant Thornton and the Head of Tax of Pacific Jade Tax Consultancy Limited. Ms. Hung is engaged in the taxation industry for a long time and has extensive experience in taxation and accounting.

(2) Supervisors

1. **Wang Wenzhang**, born in 1964, is a Supervisor (Convener) and the General Manager of the Audit Department of the Company. He currently serves as the Chief Expert and General Manager of the Audit Department of China Coal Group, the Chairman of Supervisory Committee of Shanghai Datun Energy Resources Company Limited and the Chairman of Supervisory Committee of Huajin Coking Coal Company Limited. Mr. Wang graduated from Anhui University of Finance and Economics with a bachelor's degree in accounting in June 1995, and obtained a Postgraduate Diploma in Economics in Party School of the Central Committee of C.P.C in July 2013. Mr. Wang is a Senior Accountant and is entitled to special government allowance granted by the State Council. Mr. Wang served as the Deputy Director of Finance Department, Director of Finance and Audit Department, and Manager of Finance Department in China Coal Construction Group Corporation, the Deputy Director of Asset and Finance Department of China Coal Group, and Vice General Manager of Finance Management Department of China Coal Group, a Supervisor of China United Coalbed Methane Corporation Ltd., Chief Accountant of China National Cotton Reserves Corporation, Chairman of the Board of CNCRC Guangzhou Company (to be established), Chief Accountant of China Coal Construction Group Corporation and Supervisor of the fourth session of the Supervisory Committee of the Company. Mr. Wang is familiar with corporate management, finance, accounting, auditing, etc. and has rich finance and audit practice experience.

Directors, Supervisors, Senior Management and Employees

2. **Zhang Qiaoqiao**, born in 1972, is a Supervisor of the Company. She is currently the full-time director at department level of China Coal Group. Ms. Zhang graduated from the Capital University of Economics and Business majoring in economic laws and obtained a bachelor's degree in law in July 1995. In November 2003, Ms. Zhang obtained a master's degree in international commercial law from the University of Nottingham in England, and qualified as a Senior Economist. Ms. Zhang has served as the Chief in the Contract Division in the Legal Affairs Department of China Coal Group, the Deputy Office Chief in the Legal Affairs Department of China Coal Group, the Office Chief in the Legal Affairs Department of China Coal Group, the General Manager in the Legal Affairs Department of China Coal Group, the General Manager in the Legal and Compliance Department of China Coal Group, the Manager in the Legal Affairs Department and the General Manager of Legal and Compliance Department of the Company. Ms. Zhang has engaged in corporate legal affairs for an extensive period, and possesses rich experience in domestic and international corporate trading and other legal consultation works.

3. **Zhang Feng**, born in 1974, is a Supervisor of the Company and currently serves as a full-time director at department level of China Coal Group. Mr. Zhang graduated from China University of Mining and Technology in July 1997 with a bachelor's degree in engineering majoring in marketing, and obtained a master's degree in management majoring in the corporate management of China University of Mining and Technology in January 2007. Mr. Zhang is a senior engineer, and served as the Manager of the Human Resources Department of China Coal Import and Export Company, the Vice Manager of the Human Resources Department of the Company, the Vice General Manager of Human Resources Administration Department of China Coal Group, the Vice Secretary to the Party Committee of China Local Coal Mine Co., Ltd. (leading works of the Party Committee), the Secretary to the Party Committee and Vice General Manager of China Local Coal Mine Co., Ltd., etc. Mr. Zhang has engaged in works related to corporate management for an extensive period, and possesses rich experience in corporate human resources management, administration and management.

(3) Senior Management

1. **Zhao Rongzhe**, born in 1965, is the Deputy Secretary of Party Committee, executive Director of the Fifth Session of the Board and the President of the Company. Please refer to the section of Directors' biographies for details.

2. **Ni Jiayu**, born in 1971, is a member of Party Committee and the Vice President of the Company. He currently serves as a standing member of Party Committee and the Deputy General Manager of China Coal Group. He graduated from Harbin University of Science and Technology with a Bachelor's degree in Engineering majoring in industrial design in August 1993, and obtained an MBA degree from Beijing University of Posts and Telecommunications in April 2002. He is a Senior Economist. Mr. Ni served as the Secretary of the Communist Youth League Committee of China Coal Construction Group Corporation, the Secretary of the Communist Youth League Committee, Deputy Director of the Work Department of Party Committee and Deputy General Manager of Human Resources Department of China Coal Group, the Manager of the Department of Human Resources of the Company, the Director of Party-Masses Work Department, Director of the Supervision and Audit Department, Director of the General Office and General Manager of Human Resource Management Department of China Coal Group, a member of the standing committee of Ordos City and the Deputy Mayor (secondment) of Ordos City of Inner Mongolia, the General Manager of Equipment Affairs Department of the Company, a member of Party Committee of China Coal Group, and the Secretary of Party Committee and Chairman of China Coal Mining Equipment Company. Mr. Ni has profound working knowledge and successively served in various positions in different enterprises and local governments. He has extensive experience in corporate operation management and administrative management.

3. **Chai Qiaolin**, born in 1968, is a member of Party Committee, the Chief Financial Officer and the General Manager of the Finance Department of the Company. Mr. Chai currently serves as a member of the Discipline Inspection Committee of China Coal Group, the Chairman of China Coal Finance Co., Ltd., a Director of China Coal Property Insurance Co., Ltd., a Deputy Director member of Chief Financial Officer Expert Committee of Listing Companies Association of China and the Deputy Chairman of the Listed Companies Association of Beijing. Mr. Chai graduated in July 1991 with a bachelor's degree in economics from Beijing Institute of Economics majoring in public finance. Mr. Chai is a qualified Senior Accountant. Mr. Chai previously served in China Coal Overseas Development Co., Ltd., China National Coal Industry Import and Export Corporation as well as China National Coal Industry Import and Export Group Corporation, undertaking financial management affairs. Mr. Chai successively served as the Deputy General Manager in the Financial Management Headquarters of China Coal Group, the Deputy Manager and Manager of the Financial Department of the Company, the Deputy Chief Accountant of the Company, and a Director and the General Manager of China Coal Finance Co., Ltd. Mr. Chai has over 30 years of extensive experience in financial work in state-owned enterprises as well as over 15 years of experience in capital operation and financial management in listed companies.

4. **Zhang Guoxiu**, born in 1966, is a member of the Party Committee, the Vice President, the general manager of the Coal Sales Centre and the general manager of the Coal Chemical Products Sales Centre of the Company, secretary of the Party Committee, executive director and general manager of China Coal Sales and Transportation Company Limited, secretary of the Party Committee, executive director and general manager of China Coal Chemicals (Tianjin) Company Limited, a member of the Party Committee and director of marketing management office of China Coal Group, general manager of the Sales Company of China Coal Group, vice chairman of China Coal Transportation and Distribution Association, vice director of the Professional Committee of Coal Quality Inspection of China Association for Quality Inspection. He graduated from Datong Coal Industry School majoring in finance and accounting in 1989, and obtained a master's degree in resource development planning and design from China University of Mining and Technology in 2011. He has a master's degree in engineering and is a senior economist. Mr. Zhang successively served as deputy general manager, deputy secretary of the Party Committee, executive director and general manager of China Coal Industry Qinhuangdao Import & Export Co., Ltd.; general manager (director) of Human Resources Management Department (Party Committee Organization Department) of China Coal Group; assistant to the president of the Company, executive director of Coal Sales Centre, executive director and deputy secretary of the Party Committee of China Coal Sales Company; general manager of the Sales Company of China Coal Group, secretary of the Party Committee. Mr. Zhang has been engaged in the coal industry for a long time and has extensive experience in fields such as coal sales, operation management and human resources.

5. **Jiang Qun**, born in 1970, is the Secretary to the Board and the Company Secretary of the Company. He currently serves as the Secretary to the Board of China Coal Group. He graduated from Beijing Finance and Trade College in August 1993 with a bachelor's degree in economics, majoring in finance and accounting. Mr. Jiang served as the head of the finance of China Coal Energy Hong Kong Company Limited, the director of the accounting division of the financial management headquarters of China Coal Group, the vice manager of investor relations department, the director of the Secretariat to the Board, the director of the Secretariat to the Board and the manager of the investor relations department of the Company, the director of the Board office of China Coal Group, the director of the securities affairs department and the securities affairs representative of the Company, the director of the Party & Mass affairs department (Party Committee office and labor union office) and the director of executive office of China Coal Group, the director of executive office, the company secretary and the director of executive office of the Company, the director of executive office (Party Committee office) of China Coal Group, etc. Mr. Jiang has extensive working experience, and possesses rich management experience in corporate financial management, investor relations, listed company governance and communication with stakeholders.

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) The remuneration and the decision-making procedures for the remuneration of Directors, Supervisors and senior management

Remunerations for Directors and Supervisors are subject to the approval of the Shareholders' general meeting, while the remunerations for senior management are subject to the approval by the Board. For the year of 2023, the total remunerations for Directors, Supervisors and senior management of the Company was RMB7,775,000 (tax inclusive).

(2) Basis for determining the remuneration of Directors, Supervisors and senior management

The standard annual remuneration of the independent non-executive Director is RMB300,000 while the independent non-executive Director who has left the current office as head of central state-owned enterprises shall receive standard work subsidies of RMB90,000 (both before tax, monthly paid, with income tax withheld, calculated based on the actual time of performance of duty). Apart from the above Directors, other Directors shall not receive remuneration from the Company. Supervisors shall receive remuneration from the institutions where they work. The travelling expenses incurred by the Directors and Supervisors for their participation in the Board meetings, Supervisory Committee's meetings and Shareholders' meetings as well as relevant activities organised by the Board and the Supervisory Committee shall be undertaken by the Company. Remunerations of senior management are paid in accordance with the "Management Method of the Remuneration for Senior Management of the Company".

Save for independent non-executive Directors, the remunerations of other Directors, Supervisors and senior management who receive remunerations from the Company include basic salaries, bonuses, five insurances and one fund and corporate annuity paid by the Company.

Directors, Supervisors, Senior Management and Employees

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position Held	Changes	Reasons of Change
Peng Yi	Vice Chairman, Executive Director of the fifth session of the Board	Retirement	Ceased to serve as the Vice Chairman and Executive Director in August 2023 at retirement age
Zhang Ke	Independent Non-executive Director of the fourth session of the Board	Resignation	Ceased to serve as an Independent Non-executive Director upon change of session of the Board in March 2023
Leung Chong Shun	Independent Non-executive Director of the fourth session of the Board	Resignation	Ceased to serve as an Independent Non-executive Director upon change of session of the Board in March 2023
Liao Huajun	Executive Director of the fifth session of the Board	Election	Served as an Executive Director upon change of session of the Board in March 2023
Jing Fengru	Independent Non-executive Director of the fifth session of the Board	Election	Served as an Independent Non-executive Director upon change of session of the Board in March 2023
Hung Lo Shan Lusan	Independent Non-executive Director of the fifth session of the Board	Election	Served as an Independent Non-executive Director upon change of session of the Board in March 2023
Zhang Shaoping	Employee Representative Supervisor of the fourth session of the Supervisory Committee	Resignation	Ceased to serve as a Supervisor upon change of session of the Supervisory Committee in March 2023
Zhang Feng	Employee Representative Supervisor of the fifth session of the Supervisory Committee	Election	Served as a Supervisor upon change of session of the Supervisory Committee in March 2023

On 2 March 2023, the Resolution on the Election of Executive Directors and Non-executive Directors of the Fifth Session of the Board of the Company, the Resolution on the Election of Independent Non-executive Directors of the Fifth Session of the Board of the Company and the Resolution on the Election of Shareholder Representative Supervisors of the Fifth Session of the Supervisory Committee of the Company were considered and passed at the 2023 first meeting of the fourth session of the Board and the 2023 first meeting of the fourth session of the Supervisory Committee of the Company, which have been considered and passed by the 2023 first extraordinary general meeting convened on 28 March 2023. The Employee Representative Meeting has also elected the Employee Representative Supervisors of the fifth session of the Supervisory Committee. Relevant works on the change of session of the fifth session of the Board and the Supervisory Committee have been completed. For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 2 March and 28 March 2023.

V. EMPLOYEES OF THE GROUP

The Group always upholds equal and regulated employment and has established a fair, democratic, competitive and choose-the-best selection and employment mechanism, while continuously fosters the diversification of employees to offer a strong support for the Group's sustainable development. Given the specialty of the industry nature of the Group, the proportion of male employee of the Group is relatively higher. As of the end of the reporting period, the Group has a total of 47,122 employees, of which, 7,669 are female and 39,453 are male, accounting for 16.3% and 83.7%, respectively.

	Number of persons
Number of current employees in the Company	442
Number of current employees in major subsidiaries	22,593
Total number of current employees	47,122
Number of staffs who have resigned or retired, for whom the Company and its major subsidiaries are required to bear the relevant costs	0

Professional composition

Professional composition by type	**Number of persons of professional composition**
Production staff	29,697
Sales staff	1,076
Technical staff	9,681
Financial staff	934
Administrative staff	3,284
Other staff	2,450
Total	47,122

Education level

Education level by type	**Number of persons**
Postgraduate or above	1,401
Undergraduate	14,155
Undergraduate or below	31,566
Total	47,122

Directors, Supervisors, Senior Management and Employees

VI. REMUNERATION POLICY

In terms of employee compensation strategy, the Group implemented an income distribution system on the foundation of the value of positions and oriented on value creation and efficiency improvement. The Group optimised the means of managing remuneration, deepened the entire management of labour costs and facilitated the continuous increase in the overall labour productivity. By upholding and strengthening positive motivation, the Group increased the incentives for corporate transformation, "two combinations" and securing energy supply, thereby enhancing core corporate functions. The Group continued to optimise internal income distribution relation, with compensation and resources leaning to frontline positions of challenging, dirty, risky and tiring nature, key and core positions and talents in urgent need. Such approach put motivational orientation into play and stimulated the vitality of work force. Innovation on the management of target remuneration of persons-in-charge of enterprise was implemented to actively promote the quality and coverage of medium and long-term incentives, and it establishes and optimises the remuneration system for core talents in a more precise and effective manner with greater market competitiveness.

VII. TRAINING SCHEME

In accordance with the working ideas of "Strengthening CPC's Spirit, Enhancing Ability, Educating Talents, and Optimising Models" and the working positioning of "Working Around the Focus to Serve Development", the Company continuously deepens the reform of employee education and training, scientifically formulates and implements annual training programs, and actively implements the training of employees at different levels, and has cumulatively trained about 81,000 employees at all levels of the Group throughout the year, effectively improving the overall quality of the workforce, and helping to implement the strategy of "strengthen enterprises with talents".

VIII. OUTSOURCING

Total number of outsourced working hours (hours)	38,295,000
Total amount of remunerations paid for outsourcing (RMB thousand)	1,719,469

Directors' Report

Dear Shareholders,

The board of directors (the "**Board**") of China Coal Energy Company Limited is pleased to present the directors' report and the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 prepared in accordance with the IFRS.

I. PRINCIPAL OPERATIONS

The Group is principally engaged in the production and trade of coal, coal chemical business, coal mining equipment manufacturing and related services, pithead power generation and other businesses in China. The coal business includes coal production, sales and trading. The coal chemical business includes the production and sales of polyolefin, methanol, urea and other coal chemical products. The coal mining equipment business includes the design, research and development, manufacturing and sales of coal mining machinery and equipment and provision of after-sales services. Details of the principal business of the Group's principal subsidiaries are set out in the financial statements.

Further discussions on business as required under Schedule 5 of Companies Ordinance (including the pertinent review on the businesses of the Group, the analysis of the key financial performance indexes, and the disclosure of the likely future development of the businesses of the Group) are set out in "Chairman's Statement", "Management Discussion and Analysis of Financial Conditions and Operating Results" and "Business Performance" of this annual report. The important events that occurred after the end of the reporting period and may have influence on the Group are set out in this report. The above discussions form part of this directors' report.

II. OPERATING RESULTS

The financial and operating results of the Group for the year ended 31 December 2023 are set out in "Management Discussion and Analysis of Financial Conditions and Operating Results".

III. DIVIDENDS

(1) Dividend Policy

In accordance with the relevant laws and regulations and the Articles of Association of the Company:

1. The Company may distribute dividends in cash, in shares or in a combination of both cash and shares. Interim profits may be made by the Company if conditions permit.

2. Save in special circumstances, if the Company's profit for the year and its total unappropriated profits are positive, the Company may distribute dividend in cash and the profit to be distributed in cash per annum shall not be less than 20% of the year's distributable profit attributable to the Shareholders of the parent company as stated in the consolidated financial statements (whichever is lower under the PRC GAAP and IFRS).

3. On the premises that the Company's operation is in good condition and that the Board considers the distribution of share dividends is beneficial to the overall interest of all Shareholders of the Company due to a mismatch between the Company's stock price and its scale of share capital, the Company may distribute dividends in the form of shares in accordance with the aforementioned conditions of cash dividends.

(2) Implementation of the Dividend Policy

In order to better reward Shareholders, safeguard values of the Company and Shareholders, and maintain the continuity and stability of profit distribution policies, the Company has carried on the cash dividend of 30% according to the lower of profit available for distribution under two accounting standards in recent years.

On 20 March 2024, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB5,860,214,700 to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed company for the year ended 31 December 2023, which was RMB19,534,049,000 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 RMB0.442 per Share (tax inclusive). The above proposed profit distribution plan is subject to the approval of Shareholders at the 2023 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, 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 2023 annual general meeting of the Company (expected to be convened prior to 30 June 2024) and holders of H Shares who are entitled to receive the final dividend for the year ended 31 December 2023, the latest registration date and the period of closure of H Share register as well as the dividend distribution date (expected to be prior to 31 August 2024) will be separately announced after determining the convening date of the 2023 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 2023, which, among other things, will set out the record date and ex-dividend date for A Shares.

As of 31 December 2023, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

IV. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, to the knowledge of the Directors, Supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, the interests or short positions of the following persons (excluding Directors, Supervisors and chief executive) in the Company's shares or underlying shares were as follows:

Name of Shareholders	Number of Shares	Class of Shares	Nature of interest	Capacity	Percentage of the respective class of the total shares in issue (%)	Percentage of the total shares in issue (%)
China National Coal Group Corporation	7,606,743,708	A Shares	N/A	Beneficial owner	83.12	57.37
Funde Sino Life Insurance Co., Ltd.	2,012,858,147	H Shares	Long position	Interest of controlled corporation by substantial shareholders	49.01	15.18

Note: The information disclosed is based on the last reportable disclosure of interests of the relevant entities as at 31 December 2023 as set out on the website of the Stock Exchange.

Save as disclosed above, as at 31 December 2023, to the knowledge of the Directors, Supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, there were no other persons who were interested or held short positions in the Company's shares or underlying shares.

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

As at 31 December 2023, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as required to be recorded in the register of interests to be kept by the Company under Section 352 of the Securities and Futures Ordinance, or which are required to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As of 31 December 2023, the Company had not granted any rights to any Director, Supervisor or chief executive of the Company or their spouses or children under 18 years of age to subscribe for the shares or debentures of the Company or its associated corporations, nor did any of the above-mentioned individuals exercise any such rights to subscribe for the aforesaid shares or debentures.

As at 31 December 2023, save as Mr. Wang Shudong, Mr. Liao Huajun, Mr. Zhao Rongzhe, Mr. Xu Qian, Mr. Wang Wenzhang, Mr. Zhang Feng and Ms. Zhang Qiaoqiao, there is no other Director or Supervisor who is a director, supervisor or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

VI. PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as of the date of this report, the Company has maintained the prescribed public float under the Hong Kong Listing Rules.

VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Directors and Supervisors of the Company have entered into a service contract with the Company, and the term of service of Directors and Supervisors is from the date of appointment until the expiration of the term of the current sessions of the Board and the Supervisory Committee. The service contracts with the Directors and Supervisors shall remain valid at their respective re-election. None of the Directors or Supervisors of the Company has entered into a service contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

VIII. DIRECTORS' AND SUPERVISORS' INTERESTS IN IMPORTANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the service contracts, for the year ended 31 December 2023, none of the Directors or Supervisors of the Company or their related entities was materially interested, whether directly or indirectly, in any transactions, arrangements or contracts of significance for the businesses of the Group to which the Company, the holding company of the Company, or any of its subsidiaries or fellow subsidiaries of the holding company is a party.

IX. REMUNERATION OF DIRECTORS AND SUPERVISORS

The details of the remuneration of Directors and Supervisors of the Company for the year ended 31 December 2023 are set out in the notes to the consolidated financial statements and "Directors, Supervisors, Senior Management and Employees" of this report.

For the year ended 31 December 2023, no Directors or Supervisors of the Company had agreed to waive any remuneration.

The remuneration package of Directors of the Company is determined by the remuneration committee and is subject to approval by the Board and Shareholders at the 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, performance and the operating results of the Group.

X. PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2023, the Company and its subsidiaries did not purchase, sell or repurchase any listed securities of the Company (the term "securities" has the meaning ascribed to it under the Hong Kong Listing Rules).

XI. PROPERTY, PLANT AND EQUIPMENT

The details of the changes in the property, plant and equipment of the Group for the year ended 31 December 2023 are set out in the notes to the audited financial statements for the year.

XII. DONATION

For the year ended 31 December 2023, the Group donated a total of RMB15,084,000 for charity and other donation purposes.

XIII. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2023 are set out in the notes to the audited financial statements for the year.

XIV. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENT

There are no provisions for pre-emptive rights under the relevant laws of the People's Republic of China which would entitle the Shareholders of the Company to subscribe for shares on a pro rata basis. Currently, the Company does not have any share option arrangement.

XV. MAJOR SUPPLIERS AND CUSTOMERS

The Group's major suppliers mainly provide the Group with trading coal and raw materials. The major customers mainly include domestic electric power enterprises, iron and steel enterprises, coal production enterprises, chemical product manufacturing enterprises and related trade enterprises. During the year ended 31 December 2023, total values (not of a capital nature) of the contracts entered into between the Group and its top five suppliers accounted for less than 30% of the total values of the goods the Group purchased. During the year ended 31 December 2023, total values of the contracts entered into between the Group and its top five customers in aggregate also accounted for less than 30% of the total amount of revenue and other income of the Group.

XVI. MATERIAL CONTRACTS

Save as disclosed in the section headed "Connected Transactions" in this report, none of the Company or any of its subsidiaries entered into any material contracts with the controlling shareholder or any of its subsidiaries other than the Company and its subsidiaries.

XVII. CONNECTED TRANSACTIONS

The followings are the main connected transactions of the Group during year 2023:

(1) Continuing Connected Transactions

The continuing connected transactions between the Group and China Coal Group are conducted in the ordinary and normal course of business of the Group, and such transactions can prevent potential competition between coal products of the Group and those of China Coal Group, and enable the Group to secure coal products, integrated materials, engineering design and construction, land and property leasing and other products and services from China Coal Group at market price through the ordinary course of business of the Group. Such transactions facilitate the expansion of the Group's scale of operation, reduce uncertainty of transactions, lower transaction costs, strengthen capital management, prevent unnecessary disruptions to operations and avoid migration costs. Meanwhile, there are also connected transactions between the Group and Shanxi Coking, the substantial shareholder of China Coal Huajin Company, which is a significant subsidiary of the Company and Shanxi Coking Coal Group, its associates, and their subsidiaries. Such transactions facilitate the Group in obtaining stable coal product supply, coal mine construction and related service at market price and are conducive to the reduction in uncertainties and transaction costs during the transaction process of the Group. The Group entered into routine connected transaction agreements with China Coal Group, the controlling Shareholder of the Company, and other related parties in respect of the connected transactions conducted in the ordinary normal course of business. During the Reporting Period, the major terms and the actual amount incurred of such routine connected transaction agreements are as follows:

1. Coal Supply Framework Agreement

On 28 April 2020, the Company renewed the Coal Supply Framework Agreement with China Coal Group. The agreement is valid from 1 January 2021 until 31 December 2023, and is renewable upon expiry. Pursuant to the agreement, China Coal Group has agreed to supply the coal products produced from the mines of China Coal Group and its associates (excluding the Group) to the Company. On 5 July 2022, the Company and China Coal Group entered into the Supplementary Agreements to the Coal Supply Framework Agreement, pursuant to which, the parties agree and ratify, with effect from 1 January 2022, the applicable scope of the Coal Supply Framework Agreement will be expanded to the China Coal Group and its subsidiaries and Guoyuan Group. The details are set out in the announcements of the Company dated 28 April 2020, 16 June 2020 and 5 July 2022 and the circulars of the Company dated 29 April 2020 and 11 July 2022.

Pricing principles: The coal prices of long-term contracts shall be determined in accordance with the Bohai-Rim Steam-Coal Price Index and the China Coal Price Index of China Coal Transport and Distribution Association and the China Electricity Coal Index, subject to adjustments on a monthly basis in accordance with the changes in the indexes. The spot prices of coal shall be determined and promptly adjusted in accordance with market prices.

For the year ended 31 December 2023, the annual cap for the fees payable to China Coal Group and its subsidiaries (excluding the Group) and Guoyuan Group by the Group for the procurement of coal products produced from the coal mines owned by China Coal Group and its subsidiaries (excluding the Group) and Guoyuan Group by the Group for 2023 was RMB27.6 billion, and the actual amount incurred was RMB17.829 billion.

2. *Integrated Materials and Services Mutual Provision Framework Agreement*

On 28 April 2020, the Company renewed the Integrated Materials and Services Mutual Provision Framework Agreement with China Coal Group. The agreement is valid from 1 January 2021 until 31 December 2023, and is renewable upon expiry. Pursuant to the agreement, 1) China Coal Group and its subsidiaries (excluding the Group) shall supply the Company (i) production materials and ancillary services, including raw materials, ancillary materials, transportation, loading and uploading services, electricity and heat supply, equipment maintenance and leasing, labour contracting, entrusted management and others; and (ii) social and support services including staff training, medical services and emergency rescues, communication, property management services and others; and 2) the Company and its subsidiaries shall supply China Coal Group and its subsidiaries (excluding the Group) (i) production materials and ancillary services, including coal, coal mining facilities, raw materials, auxiliary materials, electricity and heat supplies, transportation, loading and uploading services, equipment maintenance and leasing, labour contracting, entrusted management, information service and others; and (ii) exclusive coal export-related ancillary services including organising product supply, performing coal blending, coordinating logistics and transportation, provision of port-related services, arranging inspection and quality verification and providing services relating to product delivery. On 5 July 2022, the Company and China Coal Group entered into the Supplementary Agreements to the Integrated Materials and Services Mutual Provision Framework Agreement, pursuant to which, the parties agree and ratify, with effect from 1 January 2022, the applicable scope of the Integrated Materials and Services Mutual Provision Framework Agreement will be expanded to the China Coal Group and its subsidiaries and Guoyuan Group. The details are set out in the announcements of the Company dated 28 April 2020, 16 June 2020, 27 October 2021 and 5 July 2022 and the circulars of the Company dated 29 April 2020 and 11 July 2022.

Pricing principles shall be in the following order: As for the bulk equipment and raw materials, the price will be arrived at by bidding process in principle; where no bidding process is involved, the price shall be in accordance with the market price; and where comparable market price rate is unavailable, the price shall be determined with reference to "reasonable costs plus a reasonable profit margin".

For the year ended 31 December 2023: (1) the annual cap for the provision of raw materials and ancillary services and social and support services to the Group by China Coal Group and its subsidiaries (excluding the Group) and Guoyuan Group was RMB7.1 billion and the actual amount incurred was RMB5.846 billion; (2) the annual cap for the provision of raw materials and ancillary services and exclusive coal export-related services to China Coal Group and its subsidiaries (excluding the Group) and Guoyuan Group by the Group for 2023 was RMB9.4 billion and the actual amount incurred was RMB8.101 billion.

3. *Project Design, Construction and General Contracting Services Framework Agreement*

On 28 April 2020, the Company renewed the Project Design, Construction and General Contracting Services Framework Agreement with China Coal Group. The agreement is valid from 1 January 2021 until 31 December 2023 and is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Group) shall provide project design, construction and general contracting services to the Group, and take up projects subcontracted by the Group. The details are set out in the announcements of the Company dated 28 April 2020 and 16 June 2020 and the circular of the Company dated 29 April 2020.

Pricing principles: The service provider and the price of project design, construction and general contracting services shall be determined through a bidding process in principle and in compliance with applicable laws, regulations and rules in determining the suppliers and prices of the services. China Coal Group shall bid by stringently following the steps and/or measurements as stipulated by the Invitation and Submission of Bids Law of the PRC and the specific requirements in bidding invitation documents made by the Group.

For the year ended 31 December 2023, the annual cap of 2023 for the transactions in relation to provision of project design, construction and general contracting services by China Coal Group and its subsidiaries (excluding the Group) to the Group was RMB2.9 billion, and the actual amount incurred was RMB2.864 billion.

4. *Property Leasing Framework Agreement*

On 23 October 2014, the Company entered into the Property Leasing Framework Agreement with China Coal Group for a term of 10 years commencing from 1 January 2015, which is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Group) have agreed to lease certain properties to the Group for the general operation and ancillary purpose. The properties leased include 360 properties amounting to a total floor area of approximately 317,298.01 square metres and most of which are for production and operation usage. Details are set out in the announcements of the Company dated 23 October 2014 and 28 April 2020.

Pricing principles: During the term of the Property Leasing Framework Agreement, (i) the rentals are subject to review and adjustment every three years by reference to the prevailing market rates. The adjusted rentals shall not exceed the applicable market rates as confirmed by an independent valuer; (ii) downward adjustment in rentals may be made at any time; and (iii) the rentals will be paid in cash every year.

For the year ended 31 December 2023, the annual cap of 2023 in respect of property rentals paid by the Group to China Coal Group and its subsidiaries (excluding the Group) in respect of the structures and properties leased was RMB280 million, and the actual rental incurred was RMB95 million.

5. *Land Use Rights Leasing Framework Agreement*

On 5 September 2006, the Company and China Coal Group entered into the Land Use Rights Leasing Framework Agreement for a term of 20 years, which is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Group) have agreed to lease to the Group certain land use rights for general business and auxiliary facilities purposes. Such land use rights include 202 parcels of land amounting to an aggregate gross site area of approximately 5,788,739.77 square metres, most of which are used for production and operation. Details are set out in the announcement of the Company dated 28 April 2020.

Pricing principles: During the term of the Land Use Rights Leasing Framework Agreement, (i) the rentals are subject to review and adjustments every three years by reference to the prevailing market rates. The adjusted rentals shall not exceed the applicable market rates as confirmed by an independent valuer; (ii) downward adjustment in rentals may be made at any time; and (iii) the rentals will be paid in cash every year.

For the year ended 31 December 2023, the annual cap of 2023 in respect of the land use rights rental paid by the Group to China Coal Group and its subsidiaries (excluding the Group) was RMB320 million, and the actual rental incurred was RMB85 million.

6. *Financial Services Framework Agreement*

On 28 April 2020, Finance Company, a controlling subsidiary of the Company, renewed the Financial Services Framework Agreement with China Coal Group. The agreement is valid from 1 January 2021 until 31 December 2023, and is renewable upon expiry. Pursuant to the agreement, Finance Company agrees to provide financial services such as deposit and loan services and financial leasing to China Coal Group and its subsidiaries. The details are set out in the announcements of the Company dated 28 April 2020 and 16 June 2020 and the circular of the Company dated 29 April 2020.

Pricing principles: (i) The interest rate for deposits shall be negotiated on arm's length and by reference to the interest rates provided by normal commercial banks in the PRC for comparable deposits by both parties, but in any event shall not be higher than the upper limit allowed by the PBOC for such type of deposits, or the interest rate provided by Finance Company to other clients for the same type of deposits, or the interest rate provided by normal commercial banks in the PRC to China Coal Group and its subsidiaries for the same type of deposits, whichever is lower; (ii) the interest rates for loans shall be negotiated on arm's length and by reference to the interest rates charged by normal commercial banks in the PRC for comparable loans by both parties, but in any event shall not be lower than the lower limit prescribed by the PBOC for such type of loans, or the interest rate charged by Finance Company to other clients for the same type of loans, or the interest rate for the same type of loans charged by normal commercial banks in the PRC to China Coal Group and its subsidiaries, whichever is higher; and (iii) the fee standard for other financial services (excluding the deposits and loans) shall be determined according to the corresponding service fees fixed by the PBOC or the CBRC. If such fixed fee rates are not available, the service fees are negotiated on arm's length and by reference to the fees charged by normal commercial banks in the PRC for comparable financial services. But in any case, the fee standard shall not be lower than that adopted by normal commercial banks in the PRC for comparable services.

For the year ended 31 December 2023, the annual cap of 2023 for maximum daily balance of loans and financial leasing (including accrued interests) granted by Finance Company to China Coal Group and its subsidiaries (excluding the Group) and associates of China Coal Group was RMB9.0 billion, and the actual maximum daily balance incurred was RMB8.646 billion.

7. *Coal and Coal Related Products and Services Supply Framework Agreement between the Group and Shanxi Coking Coal Group*

On 28 April 2020, the Company renewed the Coal and Coal Related Products and Services Supply Framework Agreement with Shanxi Coking Coal Group. The agreement is valid from 1 January 2021 until 31 December 2023, and is renewable upon expiry. Pursuant to the agreement, the Company and Shanxi Coking Coal Group and its subsidiaries could mutually provide coal and coal related products and services. The details are set out in the announcements of the Company dated 28 April 2020 and 22 April 2021.

Pricing principles: (i) As for the coal mine infrastructural project and procurement of coal mining facilities, the price shall be arrived at by bidding process; and (ii) the coal purchase price shall be determined in accordance with the relevant market price.

For the year ended 31 December 2023: (1) the annual cap of 2023 in respect of the coal and coal related products purchased and services accepted by the Group from Shanxi Coking Coal Group was RMB500 million, and the actual amount incurred was RMB404 million; (2) the revised annual cap in respect of the coal and coal related products purchased and services accepted by Shanxi Coking Coal Group from the Group was RMB2.8 billion, and the actual amount incurred was RMB898 million.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 73 to 77 of the Annual Report in accordance with Hong Kong Listing Rule 14A.56.

All the independent non-executive Directors of the Company have reviewed the above continuing connected transactions and have confirmed that the transactions are:

(1) in the Group's ordinary course of business;

(2) on normal or more favourable commercial terms; and

(3) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of Shareholders of the Group as a whole.

The Group has confirmed that the specific agreements under the continuing connected transactions for the year ended 31 December 2023 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Entering into Continuing Connected Transactions Agreement for 2024-2026

On 25 October 2023, the Board considered and approved the following continuing connected transactions and determined their Proposed Annual Caps for the three years ending 31 December 2026:

(1) Partially-exempt Continuing Connected Transactions, including (i) considering that the Coal and Coal Related Products and Services Supply Framework Agreement will expire on 31 December 2023, the Company entered into the 2024 Coal and Coal Related Products and Services Supply Framework Agreement with Shanxi Coking Coal Group to renew the transactions under the Coal and Coal Related Products and Services Supply Framework Agreement, for a term effective from 1 January 2024 to 31 December 2026; and (ii) China Coal Finance Lease Company, a subsidiary of the Company, entered into the 2024 Finance Lease Cooperation Framework Agreement with China Coal Group, for a term effective from 1 January 2024 to 31 December 2026; and

(2) Non-exempt Continuing Connected Transactions, including, considering that the transactions between the Company and China Coal Group under the Coal Supply Framework Agreement, the Integrated Materials and Services Mutual Provision Framework Agreement, the Project Design, Construction and General Contracting Services Framework Agreements and the Financial Services Framework Agreement will expire on 31 December 2023, the Company entered into the 2024 Coal Supply Framework Agreement, the 2024 Integrated Materials and Services Mutual Provision Framework Agreement, the 2024 Project Design, Construction and General Contracting Services Framework Agreement and the 2024 Financial Services Framework Agreement with China Coal Group to renew the above transactions, for a term effective from 1 January 2024 to 31 December 2026.

For details, please refer to the announcements of the Company published on 25 October 2023 and 21 November 2023 and the circular of the Company published on 2 November 2023 respectively.

Save as disclosed above, no connected party transactions or continuing connected party transactions set out in the notes to the financial statements fell under the definition of discloseable connected transactions or continuing connected transactions under the Hong Kong Listing Rules. As for the aforementioned connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements set out in the Hong Kong Listing Rules from time to time.

XVIII. REDUCTION IN COMPETITION IN THE SAME INDUSTRY

In May 2014, China Coal Group issued a letter of undertaking which undertook that: "Within 7 years from the date of the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited, China Coal Group will inject its competing equity interests in Resources Development Company, Huayu Company and Heilongjiang Coal Chemical Group into China Coal Energy, subject to the procedures for meetings of the Board of Directors or Shareholders' general meetings of China Coal Energy fulfilled under applicable laws and regulations and the Articles of Association." The matter above was disclosed after consideration at the fourth meeting of the second session of the Board of the Company in 2014 held on 13 May 2014. For details, please refer to the relevant announcements of the Company published on the websites of SSE, HKSE and the Company on 14 February and 13 May 2014 respectively.

Since the relevant assets and equity interests do not temporarily satisfy the conditions for injection into the Group or could no longer be injected into the Group, the above undertaking could not be performed and completed as expected. In March 2021, China Coal Group issued the Request to Change the Due Undertaking to Avoid Horizontal Competition and proposed to change and delay the performance of the above undertaking. In view of the actual situation, the contents of the undertaking is changed as "China Coal Group will, by 11 May 2028, transfer to China Coal Energy equity interests held by it in Resources Development Company and Huayu Company whose businesses involve horizontal competition with China Coal Energy, upon satisfying the statutory conditions for injection into China Coal Energy and subject to the procedures of the board of directors or the shareholders' general meeting of China Coal Energy under the applicable laws and regulations and the Articles of Association of China Coal Energy." Apart from such change, China Coal Group will continue to comply with the agreements under the Non-competition Agreement to avoid potential horizontal competition with the Company. Such issue has been considered and passed in 2021 first meeting of the Board of the Company, and has been considered and approved in 2020 annual general meeting. For details, please refer to the announcement of the Company published on the websites of SSE, HKSE and the Company on 24 March and 11 May 2021.

XIX. ISSUES, DIFFICULTIES AND RISKS ARISING FROM THE OPERATION OF THE GROUP AND RELEVANT STRATEGIES AND MEASURES

(1) Risks of Fluctuation in Macro Economy

In the context of energy transformation, the coal industry will be affected by multiple restrictions such as safety, environmental protection, financing, carbon emission, public opinion, and market pricing, at the same time it will be greatly influenced by related industries such as power, metallurgy, building materials, chemicals, which are closely related to the macroeconomic policies. Currently, the macro economy is recovering, but there are still many uncertainties which may have certain impacts on the operating results of the Company, such as the systematic decline in international energy prices, the unexpected increase in new energy and hydropower generation, as well as the lower-than-expected real estate policies. In addition, factors such as the changes in national industrial policies, the adjustment in environmental protection standards and sudden safety production accidents may also have a certain impact on the production and operation of the Group. Adhering to its general principal of making progress in the midst of stability, the Group will fully implement the development concept of "efficiency enhancement and incremental transformation", integrate the deepening and upgrading of state-owned enterprise reform, strengthen scientific and technological innovation, promote transformation and upgrading, accelerate industrial structure adjustment, while strengthening operation and management, firmly establish a sense of risk prevention, strictly implementing budget and strengthening monitoring and analysis, the Group strives to achieve effective improvement in quality and reasonable growth in volume of its operation and development.

(2) Risks of Fluctuation in Product Prices

With the rapid development of the new energy industry in China, the substitution of coal power has accelerated, and the growth rate of coal demand may fall year-on-year. At the same time, affected by the improvement of international coal supply and demand situation, the cost of imported coal may decline, which will restrain the domestic coal market price to a certain extent. Due to various factors such as demand and supply, characteristics of products, transportation capacity, weather and international crude oil price, it remains difficult to accurately determine the trend of prices of coal chemical products. The Group will enhance market research and judgment, flexibly adjust marketing strategies, continuously optimise the structure of market and customer, improve its ability to resist market risks. We will accelerate the marketing integration of coal and coal chemical products, promote the digital transformation of marketing and the construction of intelligent logistics system, and build a marketing system with China Coal characteristics.

(3) Risks of Safe Production

Due to the inherent characteristics of the industry, the Group and other coal mining and coal chemical enterprises are high-risk industries in terms of safety. Among them, coal plate enterprises have potential safety risks such as mine gas, water damage, rock burst, roof and lifting transportation, with complete types of disasters and great difficulty in safety management. Coal chemical plate enterprises are characterized by high temperature and high pressure, toxic and harmful, once leakage causes explosion, it will have serious casualties and social impact. The Group will continue to improve the safety management system and strengthen the establishment of the dual prevention mechanism, pay close attention to the implementation of safety responsibilities, regularly organise emergency drills, deal with major safety hazards in advance, further prevent and resolve safety risks, and investigate and rectify hidden dangers. The Group will continue to increase investment in safety, promote the construction of intelligent, standardised, safe and efficient mines, strengthen safety quality improvement, strengthen safety infrastructure construction, and improve its intrinsic safety level.

(4) Risks of Environmental Protection

In the process of production and operation, the coal and coal chemical enterprises will produce and discharge pollutants and will face many challenges such as water resource management, energy conservation and emission reduction, environmental regulatory policies, and environmental governance due to their own industry characteristics. The Company will adhere to the direction of green, low-carbon and environmentally friendly development, benchmark against achieving the target task of "carbon emissions peak and carbon neutrality", and promote ecological and environmental governance as a whole. It will also accelerate the construction of key environmental protection projects such as air, solid waste, wastewater and ecology, the restoration and treatment of the ecological environment and develop new industries according to local conditions. We will continuously improve the ecological and environmental protection management system, strengthen the daily management and statistical monitoring of ecological and environmental protection, reinforce supervision and inspection, continue to carry out pollution control, emission reduction and ecological governance, tighten the assessment and accountability of ecological and environmental protection, strive to promote comprehensive management of ecological environment, thereby effectively resolving the ecological and environmental risks.

(5) Risks of Project Investment

New investment projects normally require longer construction period from feasibility study to effective production. Due to the uncertainty in the approval process and the policy adjustment of the industry of the projects and related industries, fluctuations in economic cycles, and changes in commodity market prices, the actual yield of the projects after they are put into operation may be different from the expectation to a certain extent. The Group will strive to strengthen the preliminary project work by actively planning for project declaration, expediting relevant approval procedures, and orderly facilitating the feasibility study and special demonstration review of the project. Rational investment scale and pace can be ensured by strictly controlling investment cost and ensuring safety of capital investment. It will also strengthen the compliance review of the conditions for project commencement and pay close attention to the management of project construction progress, the cost, the quality, the safety management, so as to effectively prevent project investment risks.

(6) Risks of Rising Costs

The underground geological conditions of coal mines are complex and changeable with high mining difficulties and costs. Coupled with the increase in coal mining resource costs, environmental costs, safety costs, mine conversion costs, transportation costs and commodity prices, the cost pressure of coal enterprises have increased to a certain extent. The Group will continue to exert greater effort in cost control, strengthen standard cost and quota management, strive to divide small accounting units and carry out cost variance analysis. It will also further promote cost reduction on system, science and technology and management. By actively promoting breakthrough on key core technology, adopting new technologies, new working processes and new equipment, optimising production layout, improving production efficiency, and reducing material procurement costs and unit consumption level, the Company may gain new advantages in cost competition continuously.

XX. SIGNIFICANT EVENTS

(1) Share Capital Structure

As of 31 December 2023, 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	7,606,743,708	57.37
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	7,739,094,708	58.37

(2) Distribution of Final Dividends for 2022

The Company's 2022 profit distribution plan was considered and approved at the Company's 2022 annual general meeting held on 13 June 2023. Cash dividends of RMB5,472,160,500 were distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the listed company which was RMB18,240,535,000 as set out in the consolidated financial statements for 2022 prepared in accordance with PRC GAAP. Based on the total issued share capital of 13,258,663,400 Shares of the Company, RMB0.413 (inclusive of tax) per Share was distributed.

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

(3) Transaction of Assets

During the reporting period, no material transaction of assets was made by the Group.

XXI. MATERIAL LEGAL PROCEEDINGS

In December 2009, the Group acquired 51% equity interest of Yihua Mining in the open market, which has been held so far; in December 2009, the Group acquired 51% equity interest of Mengda Mining in the open market and after acquiring another 15% equity interest of Mengda Mining in April 2012, the Company acquired a total of 66% equity interest in Mengda Mining, which has been held so far; from 2010 to 2011, the Group made a number of acquisitions in Yinhe Hongtai in the open market and acquired 78.84% of its equity interest, which has been held so far.

In 2021, Wushengqi State-owned Assets Company launched claims to Yihua Mining, Mengda Mining and Yinhe Hongtai, for the contracts entered into on 25 December 2008 for the transfer of mining rights in Mudu Chaideng Coal Mine to Yihua Mining, the contract entered into on 25 December 2008 for the transfer of mining rights in No. 2 Coal Mine in Nalinhe Mine Area to Mengda Mining, and the contract entered into on 26 July 2007 for the transfer of relevant mining right to Yinhe Hongtai. Wushengqi claimed that these price terms 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. The Group attached great importance to the relevant indictments and set up a special working group to guide and urge Yihua Mining, Mengda Mining and Yinhe Hongtai to actively prepare for the prosecution, maintain close communication with relevant parties, and fully safeguard the rights and interests of the Group in accordance with the law and regulations. In mid-January 2022, Ordos Intermediate People's Court made the first instance judgment on three cases respectively. The price terms of the contract for the transfer of mining rights in Mudu Chaideng Coal Mine signed between Yihua Mining and Wushengqi State-owned Assets Company were ruled to be invalid, and Yihua Mining shall pay the under-paid transfer prices of RMB1,454.286 million to Wushengqi State-owned Assets Company. The price terms of the contract for the transfer of mining rights in No. 2 Coal Mine in Nalinhe Mine Area signed between Mengda Mining and Wushenqi State-owned Assets Company were ruled to be invalid, and Mengda Mining shall pay the under-paid transfer prices of RMB2,223.5238 million to Wushengqi State-owned Assets Company. The price terms of the contract for the for the transfer of relevant mining right signed between Yinhe Hongtai and Wushengqi State-owned Assets Company were ruled to be invalid, and Yinhe Hongtai shall pay the under-paid transfer prices of RMB1,623.143 million to Wushengqi State-owned Assets Company. The three companies have appealed to the Higher People's Court of The Inner Mongolia Autonomous Region against the verdict of the first instance.

In January 2023, the Higher People's Court of Inner Mongolia Autonomous Region found the unclear fact finding by the original judgment and remanded it to the court of first instance for retrial. In May 2023, Ordos Intermediate People's Court made a retrial judgement on three cases, with the exception of Mengda Mining, which undertakes RMB1 million less, the rest are consistent with the original judgment of first instance.

In June 2023, three mining companies appealed against the judgment of first instance, and in October 2023, the Higher People's Court of The Inner Mongolia Autonomous Region upheld the judgment of first instance. In November 2023, three mining companies applied to the Supreme People's Court for retrial. At the end of December 2023, the Supreme People's Court issued a retrial ruling rejecting the retrial applications of three mining companies.

Up to now, the cases of Yihua Mining and Mengda Mining have been executed, with a total execution amount of RMB3,706.4447 million. The case of Yinhe Hongtai is still in the process of execution, and the related matters do not have a significant impact on the production, operation and financial situation of the Group. In line with the principle of respecting history and abiding by laws and regulations, the Group has taken various measures simultaneously, actively planned, coordinated the follow-up work of the enterprises involved, and made every effort to safeguard the legitimate rights and interests of the Group.

For the year ended 31 December 2023, the Group was not involved in any other material litigation or arbitration which constitutes a material impact of the Group's production and operation and financial position.

XXII. AUDITORS

On 13 June 2023, the annual general meeting of the Company for 2022 approved the engagement of Ernst & Young Hua Ming LLP and Ernst & Young as the auditors for interim financial report review, annual financial report audit and internal control audit of financial report of the Company under PRC GAAP and IFRS for 2023. Save for disclosed above, the Company has not changed its auditors in the past three years.

XIII. TAXATION

The Company, according to the applicable tax laws and regulations, withheld and paid the relevant taxes for foreign non-resident enterprises or resident individual Shareholders when distributing the dividends for 2023.

XXIV. RESERVE

Details of changes in the reserves of the Group during the year are set out in the notes to the consolidated financial statements and the consolidated statement of changes in equity respectively.

As at 31 December 2023, reserves available for distribution by the Group in accordance with the relevant laws and regulations of the PRC were RMB32.942 billion.

XXV.PENSION AND OTHER STAFF COST

The details of pension and other staff costs of the Group are set out in the notes to the financial statements.

Directors' Report

XXVI. FINANCIAL SUMMARY

The summary of the Group's financial information for the last five financial years was extracted from the audited financial statements. The summary does not form part of the audited financial statements.

XXVII. PERMITTED INDEMNITY PROVISION

The Company has purchased liability insurance for its Directors, Supervisors and senior management. The insurance was effective in the fiscal year ended 31 December 2023 and remains effective as at the date of this Report. For details, please refer to the Corporate Governance Report in this report.

XXVIII. MANAGEMENT CONTRACT

The Company neither concluded nor had any contract for overall management and administration or the management and administration of any important business within the reporting period.

XXIX. SUBSEQUENT EVENTS

Nil.

China Coal Energy Company Limited
Chairman and Executive Director
Wang Shudong

Beijing, China
20 March 2024

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

Supervisory Committee's Report

During the reporting period, the Supervisory Committee of the Company discharged their powers, duties and obligations with the utmost conscientiousness and lawfully exercised their supervisory functions in strict compliance with laws and regulations and the Rules of Procedures of the Supervisory Committee. By conducting supervision over the major decision-making, financial reports, related party transactions of the Company and the duties performed by the Directors and senior management of the Company through organising and convening meetings of the Supervisory Committee and attending Shareholders' general meetings and Board meetings, the work of the Supervisory Committee was therefore completed well in 2023.

I. DETAILS OF MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date of meeting	Newspaper for information disclosure of the resolution
First meeting for 2023 of the fourth session of the Supervisory Committee	2 March 2023	China Securities Journal, Securities Daily
Second meeting for 2023 of the fourth session of the Supervisory Committee	28 March 2023	China Securities Journal, Securities Daily
First meeting for 2023 of the fifth session of the Supervisory Committee	27 April 2023	
Second meeting for 2023 of the fifth session of the Supervisory Committee	24 August 2023	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Third meeting for 2023 of the fifth session of the Supervisory Committee	25 October 2023	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily

During the reporting period, the Supervisory Committee convened five on-site meetings, at which resolutions in relation to the Company's 2022 annual report and financial report, the quarterly reports and interim report for 2023, connected transactions and election of Shareholder Representative Supervisor of the fifth session of the Supervisory Committee were considered and approved.

II. OPINIONS OF THE SUPERVISORY COMMITTEE IN RESPECT OF THE WORK OF THE COMPANY

In 2023, the Company anchored on the corporate goal of building a world-class energy enterprise by 2035, prioritised high-quality development, maintained strategic determination, dare to maintain integrity and innovation, kept on deep reform, and insisted on unleashing potential and enhancing efficiency. With stable production and operation, quality, efficiency and effectiveness were greatly enhanced and corporate development has advanced to another level. The Supervisory Committee recognizes various works of the Company.

III. INDEPENDENT OPINIONS GIVEN BY THE SUPERVISORY COMMITTEE IN RESPECT OF THE FOLLOWING ISSUES OF THE COMPANY IN 2023

(1) Operation of the Company in Accordance with the Laws

During the reporting period, the Supervisory Committee supervised, examined and assessed the financial affairs of the Company and the duties performed by the Directors and senior management of the Company. The Supervisory Committee is of the opinion that the Company was able to operate in strict compliance with the laws and regulations of the PRC, and that the decision-making procedures were valid and within the boundaries of laws. The Company conscientiously implemented the resolutions of Shareholders' general meetings and Board meetings, continued to improve its internal control system and strengthened its risk prevention capabilities. The Directors and senior management of the Company duly performed their duties and the Supervisory Committee has not discovered any acts in violation of the laws, regulations, the Articles of Association or acts that were detrimental to the benefits of the Company.

(2) Financial Affairs of the Company

During the reporting period, after carefully reviewing the quarterly financial reports, interim financial report and annual financial report, the proposed profit distribution plan and other matters of the Company, the Supervisory Committee considers that the auditor's report with standard unqualified opinions provided by an accounting firm appointed by the Company represented a true, objective and fair description of the financial conditions, operating results and cash flow of the Company without any false representations, misleading statements or material omissions.

(3) Acquisition or Disposal of Assets by the Company

During the reporting period, the Company had no material acquisition or disposal of assets.

(4) Connected Transactions of the Company

During the reporting period, the Supervisory Committee has carefully considered the renewal of the Financial Service Framework Agreement between China Coal Group and Finance Company and the waiver of the Company's 2024-2026 annual caps of continuing connected transactions. The Supervisory Committee considers that the connected transactions of the Company were conducted by strictly adhering to the principles of equality, fairness, openness and complying with the requirements of relevant laws and regulations and the connected transactions management system of the Company, and its disclosure of information was standardised and transparent. The Supervisory Committee did not identify any acts that were detrimental to the benefits of the Company.

(5) Review of Assessment Report on Internal Control and ESG Report

During the reporting period, the Supervisory Committee has duly reviewed the Assessment Report on Internal Control and ESG Report of the Company. The Supervisory Committee is of the opinion that these two reports present an objective and true picture of the internal control and environment, social responsibility, and corporate governance of the Company. The Supervisory Committee has no dissenting opinion on the abovementioned two reports.

(6) Review of Continuous Risk Assessment Report on Finance Company

During the reporting period, the Supervisory Committee has duly reviewed the Continuous Risk Assessment Report on China Coal Finance Co., Ltd. for 2022 and the Continuous Risk Assessment Report on China Coal Finance Co., Ltd. for Half Year of 2023. The Supervisory Committee is of the opinion that the report is factual and the Supervisory Committee has no dissenting opinion on the abovementioned report and resolution.

(7) Implementation of Resolutions of Shareholders' General Meetings of the Company

During the reporting period, the Supervisory Committee has conducted supervision over the Board's implementation of the resolutions passed at the Shareholders' general meeting, and is of the opinion that the Board has duly performed its duties, strengthened scientific decision-making as well as actively and consistently implemented the relevant resolutions of the Shareholders' general meeting and hence has promoted the scientific and healthy development of the Company.

In 2024, the Supervisory Committee will continue to fulfill its supervisory duties faithfully and diligently in strict compliance with the Company Law, the Articles of Association of the Company and relevant provisions, and strive to fulfill its work with an aim to protect the interests of the Company and its Shareholders.

The Supervisory Committee of
China Coal Energy Company Limited
20 March 2024

Corporate Governance Report

During the reporting period, the Group continued to strive for standardised operations, perfect the Company's corporate governance systems, improve its comprehensive risk management and internal control continuously as well as enhance management efficiency and corporate governance.

I. OVERVIEW OF CORPORATE GOVERNANCE

In accordance with the provisions of relevant laws and regulations including the Company Law and the Securities Law, the Company has formulated a series of rules and regulations such as Articles of Associations, Rules of Procedures of Shareholders' General Meetings, Work Regulations of the Central Committee of the Communist Party of China, Rules of Procedures of the Board of Directors, Rules of Procedures of the Supervisory Committee and Rules of Procedures of the Management Team, and also established a corporate governance structure comprising the Shareholders' general meeting, Central Committee of the Communist Party, the Board, the Supervisory Committee and the management team, so as to establish a check-and-balance and coordinating mechanism with clear delineation of rights and responsibilities and standardised operation among the executive, leader of the Central Committee, decision-making and supervisory bodies and the management team. During the reporting period, the corporate governance of the Company basically complies with the requirements of relevant regulations of the CSRC.

In order to prevent the leakage of inside information, safeguard the principle of fair information disclosure and prevent the risk of insider trading, inside information insiders were registered and filed in accordance with the Insider Registration and Management Methods of the Company. In 2023, no insider purchase and sell the Company's Shares was found by using the inside information.

The Board has reviewed the documents regarding corporate governance adopted by the Company, and believes that such documents have met the relevant code provisions as set out under the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules. For the year ended 31 December 2023, the Company strictly complied with the aforementioned code provisions.

II. SUBSTANTIAL INTERESTS AND SHORT POSITIONS OF THE COMPANY HELD BY SUBSTANTIAL SHAREHOLDERS

Details are set out in Shareholdings of Substantial Shareholders under the Directors' Report in this report.

III. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules. Upon making specific enquiries, the Company confirmed that all Directors and Supervisors had complied with the Model Code throughout the year of 2023.

IV. INTRODUCTION TO SHAREHOLDERS' GENERAL MEETING

In order to ensure that all Shareholders enjoy equal status and effectively exercise their own rights, the Company convenes Shareholders' general meetings every year in accordance with the Articles of Association. Pursuant to the Articles of Association, an extraordinary general meeting shall be convened within two months upon request in writing by Shareholders holding independently or jointly 10% or above of the outstanding shares of the Company conferring a right to vote. The relevant documents must state the objective of the meeting and be served to all Shareholders. The Shareholders may raise enquiries to the Board and may raise their opinions at the Shareholders' general meeting. The contact information of the Company is set out in "Company Profile" in this report.

Session of meeting	Date of meeting	Website for disclosure of the resolution
2023 first extraordinary general meeting	28 March 2023	The websites of the SSE, the HKSE and the Company
2022 annual general meeting	13 June 2023	The websites of the SSE, the HKSE and the Company
2023 second extraordinary general meeting	21 November 2023	The websites of the SSE, the HKSE and the Company

Shareholders' General Meeting:

Three resolutions were considered at the 2023 first extraordinary general meeting: the resolution in relation to the election of executive and non-executive Directors of the fifth session of the Board of the Company; the resolution in relation to the election of independent non-executive Directors of the fifth session of the Board of the Company; the resolution in relation to the election of Shareholder Representative Supervisors of the fifth session of the supervisory committee of the Company.

Eight resolutions were considered at the 2022 Annual General Meeting: the resolution in relation to the report of the Board of the Company for the year 2022; the resolution in relation to the report of the Supervisory Committee of the Company for the year 2022; the resolution in relation to the financial statements of the Company for the year 2022; the resolution in relation to the profit distribution proposal of the Company for the year 2022; the resolution in relation to the capital expenditure budget of the Company for the year 2023; the resolution in relation to the appointment of the Company's domestic and international auditors for the financial year of 2023 and their remuneration; the resolution in relation to the emoluments of the Directors of the Broad and the Supervisors of the Supervisory Committee of the Company for the year of 2023; the resolution in relation to the investment decision on the China Coal Yulin Coal Deep Processing Base Project.

Two resolutions were considered at the 2023 second extraordinary general meeting: the resolution in relation to the annual caps for continuing connected transactions of the Company for 2024-2026; the resolution in relation to the renewal of the Financial Services Framework Agreement between the China Coal Group and Finance Company.

V. PERFORMANCE OF DUTIES BY DIRECTORS

Under the Articles of Association, the Board has the following principal responsibilities: to determine the Company's operational plans and investment plans; to formulate the Company's annual financial budgets and final accounts plans; to work out the Company's profit distribution plans and plans to offset losses; to decide the structure of the Company's internal management organ; to appoint or remove the Company's president, chief financial officer or the secretary to the Board and to appoint or remove the Company's vice president in accordance with the nomination of the president; and to discharge other functions assigned by the Shareholders' general meeting and the Articles of Association.

The Board is responsible for supervising the preparation of financial statements for every financial period to ensure that the financial statements give a true and fair view of the financial position, results and cash flow performance of the Company during the period. When preparing the financial statements for the year ended 31 December 2023, the Board has selected applicable accounting policies, made prudent, fair and reasonable judgments and estimations and prepared the financial statements on an ongoing basis. The statement of responsibilities of the international auditors is set out in the independent auditor's report of this report. All Directors are entitled to seek for further information from the management for matters discussed at the meeting of the Board. To help Directors to perform their duties, the Directors may seek for external independent and professional opinions when necessary at the expense of the Company.

The Directors of the Company proactively participated in continuing professional training to develop and update with the latest knowledge and skills. During the reporting period, the Company invited domestic and foreign legal advisors and accountants to make explanations on domestic and foreign listing regulatory rules and accounting standards, while providing all Directors with the key amendments and regulatory trends of domestic and foreign laws and regulations, responsibilities of Directors and respective typical examples, to ensure they can contribute to the Board in an appropriate and well-informed manner. In addition, Mr. Wang Shudong participated in two professional trainings on corporate governance for chairman and general manager of listed companies under the jurisdiction of Beijing during the reporting period. Mr. Peng Yi participated in two special business training organised by the Listed Companies Association of Beijing. Mr. Liao Huajun participated in a total of three trainings, including the third special training for directors and supervisors of Beijing listed companies in 2023 and the special business training held by the Listed Companies Association of Beijing. Mr. Zhao Rongzhe participated in a total of two trainings, including the second special training for directors and supervisors held by the Listed Companies Association of Beijing in 2023, and professional training on corporate governance for chairman and general manager of listed companies under the jurisdiction of Beijing. Mr. Zhang Chengjie, Mr. Jing Fengru and Ms. Hung Lo Shan Lusan participated in the follow-up training for independent directors of listed companies organised by the SSE respectively.

Apart from the working relationships in the Company, there was no financial, business, family relationship or other material relationship among the Directors, Supervisors and senior management of the Company.

(1) Attendance at Board Meeting and Shareholders' General Meeting

Name of director	Independent or not	Attendance in person/ Required attendance at Board meetings during the reporting period	Attendance at Board meetings by proxy	Absent at Board meetings	Absent at two Board meetings in a row	Attendance/ Number of general meetings required during the reporting period
Wang Shudong	No	5/7	2	2	Yes	1/3
Peng Yi	No	5/5	0	0	No	2/2
Liao Huajun	No	5/5	0	0	No	2/2
Zhao Rongzhe	No	7/7	0	0	No	2/3
Xu Qian	No	6/7	1	1	No	3/3
Zhang Ke	Yes	2/2	0	0	No	1/1
Zhang Chengjie	Yes	7/7	0	0	No	2/3
Leung Chong Shun	Yes	2/2	0	0	No	1/1
Jing Fengru	Yes	5/5	0	0	No	1/2
Hung Lo Shan Lusan	Yes	5/5	0	0	No	1/2

During the reporting period, the Company complied with all relevant code provisions in terms of the number of Board meetings held, procedures for convening Board meetings, minutes and records of Board meetings, rules of meetings and related matters. The attendance rate reflected that all Directors were diligent and responsible and were dedicated to promoting the interests of the Company and Shareholders as a whole.

Wang Shudong, the Chairman of the Company, entrusted Peng Yi, the Vice Chairman, to attend and vote on his behalf at the 2023 first meeting of the fifth session of the Board held on 28 March 2023, due to his participation of the concentrated training held by the SASAC; Wang Shudong, the Chairman of the Company, entrusted Peng Yi, the Vice Chairman, to attend and vote on his behalf at the 2023 second meeting of the fifth session of the Board held on 27 April 2023, due to official business travel.

Number of Board meetings held during the year	7
Including: Number of meetings held on-site	7
Number of meetings held by telecommunication	0
Number of meetings held on-site and by telecommunication	6

Corporate Governance Report

In 2023, the Board convened a total of seven meetings, at which all the resolutions were passed after consideration. Details of the meetings are as follows:

1. The first meeting of 2023 for the fourth session of the Board convened on 2 March 2023. It mainly considered the resolutions in relation to the election of executive and non-executive Directors of the fifth session of the Board of the Company, the resolution in relation to the election of independent non-executive Directors of the fifth session of the Board of the Company, and the proposal on convening the 2023 first extraordinary general meeting.

2. The second meeting of 2023 for the fourth session of the Board convened on 23 March 2023. It mainly considered the resolution in relation to the Annual Report for 2022 of the Company, the resolution in relation to the Directors' Report for 2022 of the Company, the resolution in relation to the Financial Report for 2022 of the Company, the resolution in relation to the Proposed Profit Distribution Proposal for 2022 of the Company, the resolution in relation to the Production, Operation and Financial Plan for 2023 of the Company, the resolution in relation to the assets impairment provision of the Company, the resolution in relation to the Continuous Risk Assessment Report for 2022 of Finance Company, the resolution in relation to the Capital Expenditure Budget of the Company for 2023, the resolution in relation to the emoluments of the Directors and the Supervisors of the Company for the year of 2023, the resolutions in relation to the Assessment Report Regarding Internal Control for 2022 of the Company and the resolution in relation to the Environmental, Social and Governance (ESG) Report for 2022 of the Company. The report in regard to the completion of capital expenditure plan for 2022 of the Company and the report in regard to the execution of Board resolutions for 2022 of the Company were heard at the meeting.

3. The first meeting of 2023 for the fifth session of the Board convened on 28 March 2023. It mainly considered the resolutions in relation to the election of the chairman and vice chairman of the Board of the Company, the resolution in relation to the composition of special committees of the Board of the Company and the resolution in relation to the employment of senior management of the Company.

4. The second meeting of 2023 for the fifth session of the Board convened on 27 April 2023. It mainly considered the resolution in relation to the First Quarterly Report for 2023 of the Company, the resolution in relation to the investment decision on coal deep processing base project of China Coal Yulin, the resolution in relation to 2023 operating results appraisal indicators for senior management of the Company, the resolution in relation to the appointment of accounting firms for the review of interim financial report and audit of annual financial report for 2023 of the Company and the resolution in relation to the convening of 2022 annual general meeting. The reports in regard to the Company's audit status in 2022 and key audit arrangement for 2023 of the Company, and the reports in regard to the Company's completion status of safety, health, environmental protection and energy conservation work in 2022 and work arrangements for 2023 were heard at the meeting.

5. The third meeting of 2023 for the fifth session of the Board convened on 24 August 2023. It mainly considered the resolution in relation to the Interim Report for 2023 of the Company, and the resolution in relation to the Continuous Risk Assessment Report for Half Year of 2023 of Finance Company.

6. The fourth meeting of 2023 for the fifth session of the Board convened on 25 October 2023. It mainly considered the resolution in relation to the Third Quarterly Report for 2023 of the Company, the resolution in relation to the determination of the annual cap waiver of continuing connected transactions from 2024 to 2026 of the Company, the resolution in relation to the renewal of the "Financial Service Framework Agreement" between the companies under the Group and Finance Company and the resolution in relation to the convening of the second extraordinary general meeting of 2023. The report in regard to the material risk control for 2023 of the Company and the report in regard to the progress of a series of transfers of mining rights in Inner Mongolia at low price were heard at the meeting.

7. The fifth meeting of 2023 for the fifth session of the Board convened on 21 November 2023. It mainly considered the resolution in relation to the "Fourteen Five-Year" development plan of the Company and the resolution in relation to the remuneration payment plan for 2022 and the basic annual base salary plan for 2023 of senior management of the Company.

(2) Performance of Duties by Independent Non-executive Directors

There are currently three independent non-executive Directors in the Board, accounting for not less than one third of the total number of Directors. The Work Rules of Independent Non-Executive Directors of the Company clearly defines the employment requirements, independence, nomination, election and replacement criteria, and the duties and obligations of independent non-executive Directors. In addition to the duties empowered by the Company Law, Hong Kong Listing Rules, SSE Listing Rules and other relevant laws and regulations to the independent non-executive Directors to review material connected transactions, the Company also empowers the independent non-executive Directors with the duty to propose to appoint or remove accounting firms to the Board and other duties.

The Board listens to the debriefing report of independent non-executive Directors every year. During the reporting period, the independent non-executive Directors of the Company strictly complied with all relevant laws and regulations including the Company Law, Guidance on Establishing Independent Directors System in Listed Companies, Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders as well as the rules and requirements under the Articles of Association, the Work Rules of Independent Non-Executive Directors and the Annual Report Work Rules of Independent Non-Executive Directors. Independent non-executive Directors performed their duties independently and attended relevant meetings in 2023, investigated thoroughly in the Company's subsidiaries, seriously took part in the decision-making of the Company's significant matters, expressed independent opinions on relevant matters of the Company, and provided constructive advice and recommendations regarding the corporate governance, reform development and production and operation of the Company. During the course of performance of duties, independent non-executive Directors upheld the legal rights of Shareholders, especially the minority Shareholders independently and objectively, fully exploiting the functions of independent non-executive Directors, while ensured that the Board could obtain independent views and opinions for enhancing its work efficiency.

For the attendance of independent non-executive Directors at Board meetings and Shareholders' general meetings, please refer to sections related to the attendance at Board meetings and Shareholders' general meetings of the Company.

The Company has received annual confirmation letter from all independent non-executive Directors on their independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. As of the date of this report, the Company considers all independent non-executive Directors to be independent as defined under the Hong Kong Listing Rules.

(3) Implementation of Resolutions Passed at the Shareholders' General Meetings by the Board in 2023 are as follows:

No.	Shareholders' General Meeting	Subject Matter	Status
1	2023 first extraordinary general meeting	1. To approve the election of Wang Shudong, Peng Yi, Liao Huajun and Zhao Rongzhe as the executive Directors of the fifth session of the Board of the Company, the election of Xu Qian as a non-executive Director of the fifth session of the Board of the Company; 2. To approve the election of Zhang Chengjie, Jing Fengru and Hung Lo Shan Lusan as the independent non-executive Directors of the fifth session of the Board of the Company; 3. To approve the election of Wang Wenzhang and Zhang Qiaoqiao as the Supervisors of the fifth session of the Supervisory Committee of the Company.	1. Wang Shudong, Peng Yi, Liao Huajun and Zhao Rongzhe were appointed as the executive Directors of the fifth session of the Board of the Company, and Xu Qian was appointed as a non-executive Director of the fifth session of the Board of the Company; 2. Zhang Chengjie, Jing Fengru and Hung Lo Shan Lusan were appointed as the independent non-executive Directors of the fifth session of the Board of the Company; 3. Wang Wenzhang and Zhang Qiaoqiao were appointed as the Supervisors of the fifth session of the Supervisory Committee of the Company.
2	2022 annual general meeting	1. To approve the Profit Distribution Plan for 2022 of the Company; 2. To approve the appointment of Ernst & Young Hua Ming LLP and Ernst & Young as auditors of the Company to review the interim financial report and to audit the annual financial report for the year of 2023 in accordance with PRC GAAP and IFRS respectively; 3. To approve the investment in coal deep processing base project of China Coal Yulin.	1. In August 2023, the final dividends for 2022 were distributed to holders of A Shares and H Shares of the Company respectively; 2. Ernst & Young Hua Ming LLP and Ernst & Young were appointed as auditors of the Company to review the interim financial report, audit the annual financial report and audit the internal control of financial report for the year of 2023 in accordance with PRC GAAP and IFRS respectively.

No.	Shareholders' General Meeting	Subject Matter	Status
3	2023 second extraordinary general meeting	1. To approve and determine the annual cap waiver for continuing connected transactions of the Company from 2024 to 2026; 2. To approve the renewal of the Financial Service Framework Agreement between China Coal Group and Finance Company.	–

VI. PERFORMANCE OF DUTIES OF THE COMMITTEES UNDER THE BOARD DURING THE REPORTING PERIOD

As of 31 December 2023, there are five special committees under the Board, details of which are set forth below:

	Fifth Session	
Special Committees	**Chairman**	**Members**
Strategic planning committee	Wang Shudong	Liao Huajun, Zhao Rongzhe, Xu Qian, Zhang Chengjie, Jing Fengru, Hung Lo Shan Lusan
Nomination committee	Zhang Chengjie	Wang Shudong, Hung Lo Shan Lusan
Safety, health and environmental protection committee	–	Zhao Rongzhe, Jing Fengru
Audit and risk management committee	Hung Lo Shan Lusan	Xu Qian, Zhang Chengjie, Jing Fengru
Remuneration committee	Jing Fengru	Liao Huajun, Hung Lo Shan Lusan

(1) Strategic Planning Committee

The strategic planning committee comprises three executive Directors, one non-executive Director and three independent non-executive Directors. The Work Manual of the Strategic Planning Committee clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the strategic planning committee. The strategic planning committee is mainly responsible for conducting studies regarding the Company's long-term development strategy, material investments, financing, capital operation plans, capital expenditure and providing recommendations to the Board, and is entitled to examine the implementation of the aforesaid matters. The responsibilities of the strategic planning committee comply with the relevant requirements of the Listing Rules. The strategic planning committee is accountable to the Board.

In 2023, the strategic planning committee held three meetings, at which the resolutions in relation to the Company's 2022 Annual Report, the Director's Report for 2022, the 2023 Capital Expenditure Plan of the Company, the investment decision on the coal deep processing base of China Coal Yulin and the Company's "Fourteen Five-Year" development plan were considered and the report in relation to the completion status of the 2022 capital expenditure plan of the Company was heard. All the resolutions were approved. All the members attended the meetings in person.

(2) Nomination Committee

The nomination committee comprises one executive Director and two independent non-executive Directors. The Work Manual of the Nomination Committee of the Board clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the nomination committee. It particularly requires that the chairman of the nomination committee is to be elected from the independent non-executive Directors. The major responsibilities of the nomination committee are to conduct studies regarding the election criteria and procedures for the Directors and senior management of the Company, review the candidates for the Directors and senior management and give recommendations to the Board, and assess the independence of the independent non-executive Directors. The responsibilities of nomination committee comply with the relevant requirements of the Hong Kong Listing Rules. The nomination committee is accountable to the Board.

Pursuant to the relevant provisions of the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules, the nomination committee developed the diversity policies of the Board, including:

1. When recommending director candidates to the Board or examining the size and composition of the Board, the nomination committee should thoroughly consider and evaluate the diversity of the members of the Board, as well as objectively determine the potential contribution to be made by the candidates to the Group, thus allowing the Board to be diversified in views and perspectives when performing its duties, composing the best combination of Board members that suits the operational features of the Group and enhancing the efficiency and performance of the Board.

2. A diversified composition of the Board will be based on a series of factors on diversification, including but not limited to age, gender, cultural background, education background, professional qualifications, experience, skills level and knowledge as well as other qualities. The nomination committee should determine the parameters of the diversity factors to be adopted according to the specific needs of the business development and strategic planning of the Company at different times and stages, as well as formulate measurable targets for realising diversity of the members of the Board based on those factors and the latest requirements of HKSE Listing Rules on the composition of the Board, including, among other things, the appointment of at least one female Director and at least three independent non-executive Directors (including that at least one independent non-executive Director shall possess appropriate accounting or relevant financial management expertise), review the progress of attaining the targets and give recommendations (if needed) to the Board for improvement.

In 2023, the nomination committee held two meetings, at which resolutions including the election of the executive Directors and non-executive Directors of the fifth session of the Board of the Company, the election of the independent non-executive Directors of the fifth session of the Board of the Company, the election of the chairman of the Board of the Company, the election of the vice chairman of the Board of the Company, the composition of the special committees of the Board of the Company and the employment of senior management of the Company were considered. All the resolutions were approved and all the members of the nomination committee attended the meetings in person.

The Company has completed the change of session of the Board on 28 March 2023, and all measurable targets for the diversity of the Board have been attained. As of the date of this report, the Board of the Company comprises 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors (of which, one is a female Director). All Directors have diversified age structure, education and culture background and occupation experience, and possess extensive professional knowledge and management experience in fields such as energy industry, corporate management, accounting and financial management. The existing diversified composition of the Board injects different views and facilitates the performance of the Board.

(3) Safety, Health and Environmental Protection Committee

The safety, health and environmental protection committee comprises one executive Director and one independent non-executive Director. The Work Manual of the Safety, Health and Environmental Protection Committee clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the safety, health and environmental protection committee. The safety, health and environmental protection committee is mainly responsible for the implementation of the Company's safety, health and environmental protection plans, supervision of the potential responsibilities, changes of laws and regulations and technological transformation related to safety, health and environmental protection issues. The safety, health and environmental protection committee is accountable to the Board.

In 2023, the safety, health and environmental protection committee held two meetings, at which resolutions including the 2022 annual report, the directors' report for 2022 and the 2022 environmental, social and governance (ESG) report of the Company were considered, and the reports in relation to the completion status in 2022 and work arrangements for 2023 of safety, health, environmental protection and energy conservation work of the Company were heard. All the resolutions were approved. All the members of the safety, health and environmental protection committee attended the meeting in person.

(4) Audit and Risk Management Committee

The audit and risk management committee comprises three independent non-executive Directors and one non-executive Director. The Work Manual of the Audit and Risk Management Committee of the Board clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the audit and risk management committee. The audit and risk management committee is mainly responsible for supervising the truthfulness and completeness of the Company's financial report, as well as the effectiveness of the Company's internal control and risk management system; engaging accounting firm and supervising its work; supervising and inspecting the financial management, risk management and internal control of the Company; reviewing the Company's annual and interim reports and profit announcements, the significant accounting policies and practices adopted in the preparation of financial reports; and establishing a procedure for handling complaints regarding accounting and audit matters, potential illegal acts and doubtful accounting or audit matters. The responsibilities of the audit and risk management committee comply with the relevant requirements of the Listing Rules. The audit and risk management committee is accountable to the Board.

In 2023, the audit and risk management committee held a total of six meetings, at which the resolutions such as the Company's 2022 annual report, financial report and internal control report were considered, and the audit opinions on the Company's financial report for 2022 and the reports on the audit plan of the Company for 2023 were heard. All the resolutions were approved at respective meetings and all the members of the audit and risk management committee attended all meetings in person.

(5) Remuneration Committee

The remuneration committee comprises two independent non-executive Directors and one executive Director. The Work Manual of the Remuneration Committee clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the remuneration committee. The major responsibilities of the remuneration committee are to submit remuneration policies for the Directors and the senior management of the Company to the Board, propose to the Board the remuneration of the Directors and the senior management, and assess the performance of the senior management. The responsibilities of the remuneration committee comply with the relevant requirements of the Listing Rules. The remuneration committee is accountable to the Board.

In 2023, the remuneration committee held three meetings, at which the resolutions in relation to the remunerations of the Directors and Supervisors of the Company for 2023, operational performance assessment indicators for senior management for 2023, as well as remuneration payment plan for senior management for 2022 and annual base salary plan for senior management for 2023 were considered. All the resolutions were approved and all the members of the remuneration committee attended the meetings in person.

VII. CORPORATE GOVERNANCE FUNCTION OF THE BOARD

The Board is responsible for performing the following corporate governance functions: to formulate and review the Company's corporate governance policies and practices; to review and monitor the training and continuous professional development of the Directors and senior management of the Company as well as the Company's policies and practices in legal compliance and regulatory requirements; to formulate, review and monitor the Code of Conduct and Compliance Manual (if any) for employees and the Directors; to review the Company's compliance with the Corporate Governance Code and disclosures made in the Corporate Governance Report; to formulate and review regularly the Shareholders' communications policies to ensure their effectiveness.

During the reporting period, the Board reviewed a series of corporate governance documents and monitored the implementation of these documents from time to time; reviewed and keenly organised training and continuous professional development for the Directors and senior management; reviewed and monitored the Company to identify any violation of laws and regulatory requirements; approved the Company's Corporate Governance Report for 2022 and authorised the disclosure of the same on the HKSE Website and the Company Website; and formulated, reviewed and monitored Shareholders communication policies to ensure their effectiveness.

VIII. THE COMPOSITION OF THE COMPANY'S MANAGEMENT AND ITS RESPONSIBILITIES

The Company's management team comprises president, vice presidents, Chief Financial Officer and other senior management personnel. The management of the Company, leading by the president, are responsible for the specific matters in relation to the ordinary operation of the Company. The management also makes operational decisions and implements thereafter, reviews on a regular basis and offers feedback in a timely manner in order to ensure the arrangements in relation to the operation and management meet the requirement of the Company.

IX. THE CHAIRMAN AND THE PRESIDENT

In 2023, the Company's chairman was Mr. Wang Shudong. Mr. Zhao Rongzhe, a Director of the Company, performed the duty of the president. The responsibilities between the chairman and the president are clearly defined: the main duties and powers of the chairman include presiding over general meetings and convening and presiding over board meetings; checking the implementation of resolutions of Board meetings; signing securities certificates issued by the Company; signing important documents of the Board and other documents that shall be signed by legal representative of the Company; exercising the functions and powers of the legal representative, etc. The president shall be accountable to the Board, and main duties and powers of the president include in charge of the Company's production, operation and management, and organising the implementation of the resolutions of the Board; organising the implementation of the Company's annual operating plans and investment schemes; drafting plans for the establishment of the Company's internal management structure; establishing the Company's basic management system; formulating basic rules and regulations for the Company; proposing the appointment or dismissal of the Company's vice presidents; appointing or dismissing management officers other than those required to be appointed or dismissed by the Board, etc. Besides the Directors and Supervisors, other senior management members of the Company are responsible for the Company's daily operations. Duties of such persons are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this report.

X. INSURANCE ARRANGEMENT

Pursuant to Provision C.1.8 under the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules, the Company should purchase appropriate insurance to cover potential legal actions against its Directors. The Company has renewed its liability insurance purchased for its Directors, Supervisors and senior management.

XI. REMUNERATION OF AUDITORS

In 2023, the Group's international auditor was Ernst & Young, and the domestic auditor was Ernst & Young Hua Ming LLP. The audit fees for the Company's 2023 financial report was RMB10.30 million, of which the audit fees for internal control amounted to RMB900,000. Furthermore, Ernst & Young Hua Ming LLP also provided the Company with other special audit and consulting non-audit services, the fees of which were RMB450,000 and RMB7,60,000 respectively.

XII. SUPERVISORS AND SUPERVISORY COMMITTEE

The Supervisory Committee comprises three Supervisors, including two Shareholder Representative Supervisors and one employee representative Supervisor. In 2023, the term of the fourth session of the Supervisory Committee expired and was elected. As elected and confirmed at the employee representative meeting of the Company held on 28 February 2023, Zhang Feng was an Employee Representative Supervisor of the fifth session of the Supervisory Committee. As considered and approved at the first extraordinary general meeting of the Company held on 28 March 2023, Wang Wenzhang and Zhang Qiaoqiao were Shareholder Representative Supervisors of the fifth session of the Supervisory Committee. Mr. Zhang Feng, together with Wang Wenzhang and Zhang Qiaoqiao, the Shareholder Representative Supervisors, formed the fifth session of the Supervisory Committee of the Company, with a term of office of three years from the date of approval of the resolutions at the general meeting.

The Supervisory Committee is accountable to the Shareholders' general meeting and reports its work to the general meeting. With a view to protecting the interests of the Company and its Shareholders, all members of the Supervisory Committee discharged their powers, duties and obligations with the utmost conscientiousness and lawfully exercised their supervisory functions in strict compliance with the requirements of the Rules of Procedures of the Supervisory Committee.

The principal duties of the Supervisory Committee are to supervise, inspect and assess the Company's operation in accordance with the laws, the financial conditions of the Company and whether the Directors and Senior Management of the Company have performed their duties lawfully.

The Supervisory Committee held five meetings during the reporting period, and all Supervisors were present.

Attendance details of the meetings of the Supervisory Committee are as follows:

Supervisor	**Attendance in person**	**Attendance by proxy**
Wang Wenzhang	5	0
Zhang Shaoping	2	0
Zhang Qiaoqiao	3	2
Zhang Feng	2	1

XIII. ESTABLISHMENT AND IMPLEMENTATION OF ANCILLARY MECHANISMS

(1) Management of Connected Transactions

The Company strictly adheres to the provisions of the Listing Rules of the stock exchanges where the Company's shares are listed, Self-Regulatory Supervision Guidelines for Companies Listed on Shanghai Stock Exchange No. 5 – Transactions and Related Party Transactions, Management Measures on Connected Transactions and the Detailed Rules for the Implementation of the Management Measures for Connected Transactions of the Company to manage and regulate various connected transactions. In the ordinary course of business of the Company, the Company carries out reasonable and necessary connected transactions within the relevant caps and subject to the applicable approval of the Board and Shareholders' general meeting of the Company. The consideration of connected transactions is determined in accordance with the pricing principles stipulated in the framework agreement, therefore is fair and reasonable and in the interest of the Shareholders as a whole.

The Company remained committed to its connected transaction budget management, monthly monitoring, cap alert and regular discussion mechanisms to reinforce the management foundation through the strengthening of compliance training, in-depth research and study, dynamic management and the regular update of connected party lists. With the help of electronic statistic software, the Company controlled the actual monthly amounts of connected transactions, analysed and studied problems of related enterprises identified in the course of management of connected transactions to instruct and urge related enterprises to eliminate hidden problems, thus ensuring that the continuing connected transactions do not exceed the annual caps. The Company further implemented an internal mechanism for reporting important information, and dynamically monitored and controlled the non-continuing connected transactions, to ensure that the approval and disclosure procedures of the non-continuing connected transactions were conducted in a timely manner.

By adopting various effective measures, such as strengthening the implementation of systems for management of connected transactions and solidifying the foundation for management of connected transactions, the Company further improved its standards for management and control of connected transactions and ensured the compliance of various connected transactions with the laws and regulations and regulatory requirements during the reporting period.

(2) Establishment of Internal Control System and Internal Control Audit

1. Statement of the Board

In accordance with the regulations of enterprise internal control regulated systems and the relevant requirements under the Corporate Governance Code of the HKSE, the Board is responsible for the risk management and internal control systems of the Company and its subordinate enterprises and reviewing their effectiveness. These risk management and internal control systems are designed to manage rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has effective procedures in relation to financial reporting and compliance with the requirements of the Hong Kong Listing Rules.

2. *Development of the Risk Management and Internal Control Systems of the Company*

(1) The risk management and internal control systems of the Company

The Company has established a standardised and sound corporate governance and control structure in accordance with modern corporate systems, aiming to achieve coordinated operation and standardised management. The structure clearly defines the terms of reference, employment requirements, rules of procedures and work procedures of decision-making level, management level and executive level, and ensures the separation of decision-making, execution and supervision as well as maintains its effective check and balance, ensuring scientific decision-making and the effectiveness of implementation. The Company has established risk management and internal control systems in the headquarter and subordinate enterprises with scientific decision-making, efficient execution and effective supervision based on institutional building, with an aim to achieve decision-making based on scientific methods, efficient execution and effective supervision and focusing on the main direction of "Target, Risk and Control". Subject to the Articles of Association, the Company will continue to improve rules and regulations such as Rules of Procedures of the Board of Directors, Rules of Procedures of the Audit and Risk Management Committee, Internal Control Management Handbook, Internal Control Evaluation Handbook, and Workflow Handbook. The Company has promoted the effective operation of its risk management and internal control systems through establishing an effective organisational function system for risk management and internal control, which provides reasonable assurance for the Company to achieve strategic goals and sustainable development.

(2) The composition of the Company's risk management and internal control systems

The Company's risk management and internal control systems have "Three Lines of Defense", which is comprised of the supervision and evaluation body of risk management, the functional body of risk management and the responsible body of risk management. The "Three Lines of Defense" are neither established alone nor could be replaced by the others. They complement and strengthen each other and are designated to correct deviation, as well as prevent and control risks.

The First Line of Defense: all departments at headquarter and their subordinate enterprises are not only responsible for the risk management, but they are also the bearers of specific risks in charge of the risk management of each business line. It is strictly required that each system and regulation formulated by the Company should be carried on as well as the risk evaluation should be reviewed on a regular basis so to recognize the risks each department take under. Risk resolutions shall be set when necessary.

The Second Line of Defense: Department of Legal Affairs and Compliance, the functional body of risk management, is mainly responsible for the core management and organization of the material risks and the coordination and planning, formulating the risk management systems and procedures of the Company, and supervising their implementation. It is also responsible for coordinating, promoting and supervising the effectiveness of the risk management and internal control under the First Line of Defense.

The Third Line of Defense: the audit department is the body responsible for risk management monitoring and evaluation. It is responsible for supervising, examining and evaluating the financial management, risk management and internal control of the Company, reviewing the risk assessment and management policies of the Group, assessing the nature and extent of the risks that the Company is willing to take in achieving its strategic objectives, and ensuring that the Company establishes effective risk management and internal control systems.

The "Three Lines of Defense" work together and establish an error correction mechanism to effectively control deviation and risks, thus laying a solid foundation for risk management and improving operating efficiency. In addition, the Board and its audit and risk management committee are responsible for identifying, analysing, monitoring and managing material risks as well as the overall management and supervision of the "Three Lines of Defense" and their effective operation, pushing forward the implementation and improvement of the Company's risk management.

(3) Procedures of the Company for identifying, assessing and managing material risks

The Company has set up procedures to identify, assess and manage material risks, and its operation is based on assessment basis, assessment dimension, risk rating and dispersion.

Firstly, the Company grades risks from aspects of assessment basis, assessment dimension, risk rating and dispersion:

In respect of assessment basis: risks will be graded by reference to the risks currently controlled by the Company (without taking into account the risks that may be controlled by the Company in the future).

In respect of assessment dimension: each risk will be graded according to the possibility of their occurrence and their impacts. The possibility represents the probability that a risk may occur, the impact represents the economic, operating, reputation and other losses that the risk may incur, and both adopt five-mark systems. Value at risk = probability × impacts, and as a result, value at risks ranges from 1-25 and the higher the value at risk, the greater the risks.

In respect of risk rating: risks are classified into three levels, namely high, medium and low, in accordance with risk assessment standard based on the value at risk calculated.

In respect of dispersion: dispersion represents the extent that a group of figures deviate from the average number, and the smaller the dispersion, the more consistent the assessment results to that risk.

(4) Procedures and internal control measures for handling and dissemination of insider information

The Company has established special insider information management systems such as the Registration System for Persons with Insider Information, Internal Reporting System for Material Information and Information Disclosure Management System. The systems above set out the procedures and internal control measures for disseminating and issuing insider information, including: persons with insider information such as Directors, Supervisors, senior management, and persons in charge of each department, branches, subsidiaries and other related subsidiaries of the Company have the responsibility of reporting the insider information that they are informed of within their authorities to the secretary to the Board who shall report to the chairman and senior management of the Company in a timely manner after receiving such report. For insider information which requires the Board and Shareholders' general meetings to consider and approve or require the Company to fulfill its responsibility of information disclosure, the secretary to the Board shall propose to the Board and the Supervisory Committee to conduct corresponding procedures and disclose such information in accordance with relevant requirements to the public.

For accidental material insider information which the Company is informed of, the secretary to the Board is able to effectively communicate with Directors, Supervisors, senior management and persons in charge of each department, branches, subsidiaries and other related subsidiaries of the Company in an active and timely manner, ensuring that the Company will fulfill the insider information disclosure procedure in accordance with laws and regulations. Meanwhile, the Company has established a regular compliance meeting system to discuss whether issues related to insider information should be disclosed and review the effectiveness of insider information management on a monthly basis.

(5) Measures for responding to material internal control deficiency

Based on major objectives for the year and areas that may incur material business risks, in respect of the material risks assessed for the year, the Company has adopted detailed measures for controlling the material risks, tracked the effectiveness of the risk control in a timely manner, and determined the subject responsible for material risk control and its terms of references. As for the significant control failure or weakness that has been identified during the reporting period and the extent to which they have resulted in unforeseen outcomes or contingencies, the Company's responsible body of risk management shall report to the risk management functional department, the Board and its audit and risk management committee in a timely manner, and be responsible for identifying and analysing the material impacts that such outcomes or contingencies have had, could have had, or may in the future have on the Company's financial performance or conditions, and making risk management emergency plans in a timely manner. The risk management functional department and the Board will supervise the implementation of such emergency plans, analyse and assess the impact that such matter has on the Company again, and fully assess and analyse the feasibility of the emergency plans.

3. *Review of Risk Management and Internal Control Systems of the Company*

The Board is responsible for the risk management and internal control system of the Company and the review of its effectiveness. The Risk Management and Internal Control Department reports the review results of the Company's risk management and internal control system, business flow and activities, including action plans against confirmed control weaknesses. The management makes assessment thereon, and presents the assessment on the advantages and disadvantages of the overall internal control system to the Audit and Risk Management Committee. The Audit Department and external auditor will also report on any control issues discovered in the course of their work. Taking into consideration of the above, the Audit and Risk Management Committee holds at least two meetings every year to review the effectiveness of the risk management and internal control system of the Company, and reports to the Board thereon.

In 2023, the Board conducted two reviews on the effectiveness of the internal risk management and internal control systems of the head office of the Company and its subsidiaries. The reviews covered all material control aspects, including financial control, operation control and compliance control, such as development strategy management, investment management, contract management, financial management, financing management, material procurement management, infrastructure project management, safety production management, sales management, property rights management, human resources management, quality and technology management in 2022 and the first three quarters of 2023, respectively. After review, the Board considers that the risk management and internal control system of the Company are effective and adequate, and is not aware of any material issue which may affect the operation, financial reporting and regulatory functions of the Company. The scope of review covers the Company's accounting, internal audit and financial reporting functions, the resources, staff qualifications and experience regarding the Company's environment, society and governance performance and reporting, as well as the training programs received by the staff and related budgets.

4. *Internal Audit*

According to the Identification Standards for Significant Defects of Risk Management and Internal Control of the Company, during the year ended 31 December 2023, there were no significant defects in the risk management and internal control of the Company, and the Board was of the view that the Company had maintained, in all material respects, effective internal control over financial reporting in accordance with the risk management and internal control systems and relevant financial reports and in compliance with the requirements of the Listing Rules.

Ernst & Young Hua Ming LLP had audited the effectiveness of the Company's internal control in relation to financial reports and provided a report with standard unqualified opinions.

XIV. DIRECTORS AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for the preparation of financial statements for each financial period to ensure such financial statements give a true and fair view of the condition of the Group and of the results and cash flows for such period. The Group deploys appropriate and sufficient resources to prepare financial statements. The senior management is required to report and make interpretation to the audit and risk management committee and the Board on the financial reporting and matters that have or may have material impacts on the financial performance and operation of the Group, and make satisfying response on the inquiries and concerns that raised by the audit and risk management committee and the Board. The consolidated financial statements are prepared according to the IFRS and the disclosure requirements set out in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Independent Auditor's Report

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TO THE SHAREHOLDERS OF
CHINA COAL ENERGY COMPANY LIMITED
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Coal Energy Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 112 to 263, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on certain non-current assets in coal and others businesses	
As at 31 December 2023, the net book amounts of the property, plant and equipment, intangible assets, land use rights and mining rights of the Group were RMB127.70 billion, RMB1.89 billion, RMB6.54 billion and RMB47.21 billion, respectively. Management performed impairment testing on the corresponding cash-generating units ("CGUs") to which these non-current assets with impairment indications belonged. The recoverable amount of the CGUs was the higher of the fair value less costs of disposal of these CGUs and their value in use. Due to the materiality of amount of the non-current assets with impairment indicators and the complexity of the impairment tests involving critical judgements and estimation (including the sales volume, sales prices, future production costs and the discount rate, etc.), we identified impairment assessment on certain non-current assets as a key audit matter. The accounting policy, significant accounting judgements and estimates and disclosures about the amount of provision and the balances of non-current assets are included in notes 5, 6(a), 18, 20, 21 and 22 to the consolidated financial statements.	Our procedures in relation to impairment assessment on non-current assets included: • checking and performing tests on the effectiveness of key internal controls; • reviewing management's assessment on impairment indicators and the classification of CGUs, and checking whether management's impairment testing was in accordance with the requirements of the relevant accounting standards; • evaluating the competence, capabilities and objectivity of management's specialist; • analysing and reviewing the rationality and related supporting documents of critical judgements and estimation (including the sales prices and the discount rate, etc.) used in the impairment testing performed by management based on information in the same industry and the Group's own circumstances; • With the assistance of our internal valuation specialists, evaluating the methodology and the discount rates used in the calculation of the recoverable amounts; • recalculating the recoverable amounts calculated by management to check the accuracy of the calculation; and • reviewing the disclosures of the relevant notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants

Hong Kong
20 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	**Year Ended 31 December 2023 RMB'000**	Year Ended 31 December 2022 RMB'000 (Restated)
Revenue	8	**192,968,833**	220,576,859
Cost of sales			
Materials used and goods traded		**(96,353,836)**	(120,016,117)
Staff costs		**(10,462,496)**	(9,337,716)
Depreciation and amortisation		**(10,713,093)**	(9,927,575)
Repairs and maintenance		**(2,774,377)**	(2,895,820)
Transportation costs and port expenses		**(11,486,820)**	(10,766,014)
Sales taxes and surcharges		**(7,154,303)**	(7,240,645)
Others		**(12,440,912)**	(10,794,967)
		(151,385,837)	(170,978,854)
Gross profit		**41,582,996**	49,598,005
Selling expenses		**(1,049,523)**	(928,768)
General and administrative expenses		**(7,029,791)**	(6,633,986)
Other income, other gains and losses, net	9	**78,933**	(8,516,376)
Impairment losses under expected credit loss model, net of reversal	11	**(68,501)**	(218,168)
Profit from operations		**33,514,114**	33,300,707
Finance income	10	**104,991**	135,135
Finance costs	10	**(3,099,916)**	(3,863,142)
Share of profits of associates and joint ventures		**3,176,197**	5,010,429
Profit before income tax		**33,695,386**	34,583,129
Income tax expense	15	**(7,273,549)**	(7,479,216)
Profit for the year		**26,421,837**	27,103,913

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	Year Ended 31 December 2023 *RMB'000*	Year Ended 31 December 2022 *RMB'000* (Restated)
Profit for the year		**26,421,837**	27,103,913
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss			
Share of other comprehensive income of associates, net of related income tax		**(917)**	(68,349)
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		**(483,783)**	754,289
		(484,700)	685,940
Items that may be reclassified subsequently to profit or loss			
Fair value changes on debt instruments at fair value through other comprehensive income, net of tax		**12,264**	25,937
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		**(6,679)**	5,621
Exchange differences arising on translation of foreign operations		**7,835**	4,396
		13,420	35,954
Other comprehensive income for the year, net of tax		**(471,280)**	721,894
Total comprehensive income for the year		**25,950,557**	27,825,807
Profit for the year attributable to:			
Equity holders of the Company		**20,183,598**	19,737,989
Non-controlling interests		**6,238,239**	7,365,924
		26,421,837	27,103,913
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**19,713,375**	20,451,635
Non-controlling interests		**6,237,182**	7,374,172
		25,950,557	27,825,807
Basic and diluted earnings per share for the profit attributable to equity holders of the Company (RMB)	*17*	**1.52**	1.49

Consolidated Statement of Financial Position

At 31 December 2023

		As at 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Non-current assets			
Property, plant and equipment	*18*	**127,702,183**	126,445,836
Investment properties		**65,148**	69,089
Right-of-use assets	*19*	**746,675**	362,754
Mining rights	*20*	**47,209,528**	39,484,920
Intangible assets	*21*	**1,891,370**	1,895,222
Land use rights	*22*	**6,537,032**	6,788,002
Goodwill		**6,084**	6,084
Investments in associates	*23(b)*	**26,263,281**	25,240,148
Investments in joint ventures	*23(c)*	**4,539,186**	4,508,156
Equity instruments designated at fair value through other comprehensive income	*24*	**2,866,145**	3,410,938
Deferred tax assets	*38*	**2,560,735**	2,356,158
Long-term receivables	*25*	**333,051**	406,200
Other non-current assets	*26*	**8,766,688**	4,845,680
Total non-current assets		**229,487,106**	215,819,187
Current assets			
Inventories	*27*	**8,734,988**	9,350,026
Trade receivables and notes receivables	*28*	**7,492,777**	8,747,383
Debt instruments at fair value through other comprehensive income	*28*	**3,309,821**	5,881,285
Contract assets	*29*	**2,336,249**	1,972,141
Prepayments, other receivables and other assets	*30*	**6,251,634**	6,934,687
Restricted bank deposits	*31*	**9,926,996**	9,175,006
Term deposits with initial terms of over three months	*31*	**50,032,871**	51,852,476
Cash and cash equivalents	*31*	**31,582,885**	29,998,038
Total current assets		**119,668,221**	123,911,042
TOTAL ASSETS		**349,155,327**	339,730,229
Current liabilities			
Trade and notes payables	*32*	**26,737,859**	25,420,854
Contract liabilities	*33*	**5,040,221**	6,236,819
Other payables and accruals	*34*	**42,635,896**	37,285,929
Lease liabilities	*35*	**107,106**	73,291
Tax payable		**1,625,550**	3,207,822
Short-term borrowings	*36*	**122,600**	281,390
Current portion of long-term borrowings	*36*	**16,482,683**	30,891,551
Current portion of long-term bonds	*37*	**5,325,108**	1,561,811
Current portion of provision for closedown, restoration and environmental costs restoration and environmental costs	*39*	**80,942**	38,723
Total current liabilities		**98,157,965**	104,998,190

Consolidated Statement of Financial Position

At 31 December 2023

		As at 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Non-current liabilities			
Long-term borrowings	*36*	**42,774,978**	40,333,864
Long-term bonds	*37*	**7,993,019**	12,977,222
Deferred tax liabilities	*38*	**4,661,399**	4,416,997
Lease liabilities	*35*	**716,090**	372,460
Provision		**39,310**	16,800
Provision for employee benefits		**108,237**	89,605
Provision for closedown, restoration and environmental costs	*39*	**5,849,519**	5,141,213
Deferred revenue	*40*	**993,739**	2,235,906
Other long-term liabilities	*41*	**5,337,510**	4,259,184
Total non-current liabilities		**68,473,801**	69,843,251
Total liabilities		**166,631,766**	174,841,441
Equity			
Share capital	*42*	**13,258,663**	13,258,663
Reserves	*43*	**53,342,865**	52,551,361
Retained earnings	*43*	**77,280,846**	64,804,080
Equity attributable to the equity holders of the Company		**143,882,374**	130,614,104
Non-controlling interests		**38,641,187**	34,274,684
Total equity		**182,523,561**	164,888,788
TOTAL EQUITY AND LIABILITIES		**349,155,327**	339,730,229

The consolidated financial statements on pages 112 to 263 were approved and authorised for issue by the Board of Directors on 20 March 2024 and are signed on its behalf by:

Wang Shudong	**Chai Qiaolin**	**Chai Qiaolin**
Chairman of the Board	*Chief Financial Officer*	*Manager of Finance Department*
Executive Director		

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to the equity holders of the Company					
	Share capital *RMB'000*	Reserves *RMB'000*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2022 as previously reported	**13,258,663**	**52,551,361**	**64,703,761**	**130,513,785**	**34,265,380**	**164,779,165**
Effect of adoption of amendments to IAS 12 *(Note 3(c))*	**–**	**–**	**100,319**	**100,319**	**9,304**	**109,623**
At 1 January 2023 (Restated)	**13,258,663**	**52,551,361**	**64,804,080**	**130,614,104**	**34,274,684**	**164,888,788**
Profit for the year	**–**	**–**	**20,183,598**	**20,183,598**	**6,238,239**	**26,421,837**
Other comprehensive income, net of tax	**–**	**(470,223)**	**–**	**(470,223)**	**(1,057)**	**(471,280)**
Total comprehensive income	**–**	**(470,223)**	**20,183,598**	**19,713,375**	**6,237,182**	**25,950,557**
Appropriations *(Note 43)*	**–**	**1,115,563**	**(1,115,563)**	**–**	**–**	**–**
Share of other change of reserve of associates and joint ventures	**–**	**193,847**	**(184,433)**	**9,414**	**–**	**9,414**
Contributions from and transactions within non-controlling interests *(Note 23(a))*	**–**	**(96,794)**	**(934,364)**	**(1,031,158)**	**1,274,960**	**243,802**
Dividends	**–**	**–**	**(5,475,828)**	**(5,475,828)**	**(2,555,181)**	**(8,031,009)**
Disposal of subsidiaries *(Note 44)*	**–**	**–**	**–**	**–**	**(590,458)**	**(590,458)**
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	**–**	**43,865**	**(43,865)**	**–**	**–**	**–**
Others	**–**	**5,246**	**47,221**	**52,467**	**–**	**52,467**
At 31 December 2023	**13,258,663**	**53,342,865**	**77,280,846**	**143,882,374**	**38,641,187**	**182,523,561**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to the equity holders of the Company					
	Share capital *RMB'000*	**Reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Subtotal** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 31 December 2021 as previously reported	13,258,663	49,251,789	51,599,022	114,109,474	28,722,990	142,832,464
Effect of adoption of amendments to IAS 12 *(Note 3(c))*	–	–	81,799	81,799	6,838	88,637
At 1 January 2022 (Restated)	13,258,663	49,251,789	51,680,821	114,191,273	28,729,828	142,921,101
Profit for the year (Restated)	–	–	19,737,989	19,737,989	7,365,924	27,103,913
Other comprehensive income, net of tax	–	713,646	–	713,646	8,248	721,894
Total comprehensive income (Restated)	–	713,646	19,737,989	20,451,635	7,374,172	27,825,807
Appropriations *(Note 43)*	–	2,392,396	(2,392,396)	–	–	–
Acquisition of a subsidiary under common control in 2022	–	(135,677)	–	(135,677)	–	(135,677)
Acquisition of subsidiaries not under common control in 2022	–	–	–	–	73,787	73,787
Share of other change of reserve of associates and joint ventures	–	340,310	(230,042)	110,268	–	110,268
Contributions from non-controlling interests	–	–	–	–	110,000	110,000
Dividends	–	–	(4,000,797)	(4,000,797)	(1,959,721)	(5,960,518)
Disposal of subsidiaries	–	–	–	–	(54,115)	(54,115)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	(11,379)	8,534	(2,845)	–	(2,845)
Others	–	276	(29)	247	733	980
At 31 December 2022 (Restated)	13,258,663	52,551,361	64,804,080	130,614,104	34,274,684	164,888,788

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	*46*	**51,839,124**	52,990,641
Income tax paid		**(8,873,784)**	(9,356,577)
Net cash generated from operating activities		**42,965,340**	43,634,064
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(10,613,414)**	(7,598,024)
Proceeds from disposals of property, plant and equipment		**57,033**	117,777
Payments for land use rights, mining rights and intangible assets		**(6,961,502)**	(2,158,214)
Proceeds from disposals of land use rights, mining rights and intangible assets		**–**	973
Proceeds from disposals of investments in associates and joint ventures		**–**	5,262
Dividends received		**2,716,222**	2,119,979
Loan repayment from the Parent Company (as defined in *Note 1*) and fellow subsidiaries		**1,503,961**	2,343,029
Loans granted to the Parent Company and fellow subsidiaries		**(4,838,573)**	(2,423,370)
Interest income on loans to the Parent Company and fellow subsidiaries		**174,168**	136,247
Interest income on term deposits		**1,215,822**	784,911
Placement of term deposits with initial terms of over three months		**1,819,605**	(15,503,953)
Purchases of equity instruments designated at fair value through other comprehensive income		**–**	(42,666)
Proceeds from disposals of equity instruments designated at fair value through other comprehensive income		**22,053**	14,970
Acquisition of subsidiaries		**–**	(215,022)
Disposal of subsidiaries	*44*	**(152,633)**	372,037
Refund of prepayments for investment in prior years and related interests		**–**	138
Net cash used in investing activities		**(15,057,258)**	(22,045,926)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Proceeds from borrowings	**21,638,862**	12,420,113
Repayment of borrowings	**(33,661,585)**	(16,629,557)
Contributions from and transactions within non-controlling interests	**243,802**	110,000
Dividends paid to the Company's shareholders	**(5,475,828)**	(4,000,796)
Dividends paid to non-controlling interests	**(4,369,515)**	(465,463)
Acquisition of non-controlling interest of a subsidiary	**–**	(25,306)
Acquisition of subsidiaries under common control	**–**	(136,298)
Interest paid	**(3,295,552)**	(3,788,277)
Repayment of long-term bonds	**(1,200,000)**	(10,063,267)
Repayment of lease liabilities	**(164,923)**	(94,818)
Bond issuance costs	**(13,333)**	(13,333)
Net cash used in financing activities	**(26,298,072)**	(22,687,002)
Net increase (decrease) in cash and cash equivalents	**1,610,010**	(1,098,864)
Cash and cash equivalents, at beginning of the year	**29,998,038**	31,095,384
Effect of foreign exchange rate changes	**(25,163)**	1,518
Cash and cash equivalents at end of the year	**31,582,885**	29,998,038

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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"). China Coal Group is a subordinate enterprise of State-owned Assets Supervision and Administration Commission established in China. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in mining and processing of coal, sales of coal and coal-chemical products, manufacture and sales of coal mining machinery and provision of 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

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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their material accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 5 to the financial statements. The amendments did not have any significant impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the consolidated statement of financial position:

	Note	**Before the application of Amendments to IAS 12 As at 1 January 2022** *RMB'000*	**Effect of Application of Amendments to IAS 12** *RMB'000*	**After the application of Amendments to IAS 12 As at 1 January 2022** *RMB'000*
Deferred tax assets	*(i)*	2,376,648	89,459	2,466,107
Total non-current assets		216,792,564	89,459	216,882,023
TOTAL ASSETS		322,200,920	89,459	322,290,379
Deferred tax liabilities	*(i)*	5,597,260	822	5,598,082
Total non-current liabilities		91,428,853	822	91,429,675
Total liabilities		179,368,456	822	179,369,278
Retained earnings		51,599,022	81,799	51,680,821
Non-controlling interests		28,722,990	6,838	28,729,828
Total equity		142,832,464	88,637	142,921,101
TOTAL EQUITY AND LIABILITIES		322,200,920	89,459	322,290,379

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

Impact on the consolidated statement of financial position: (continued)

	Note	Before the application of Amendments to IAS 12 As at 31 December 2022 *RMB'000*	Effect of Application of Amendments to IAS 12 *RMB'000*	After the application of Amendments to IAS 12 As at 31 December 2022 *RMB'000*
Deferred tax assets	*(i)*	2,242,247	113,911	2,356,158
Total non-current assets		215,705,276	113,911	215,819,187
TOTAL ASSETS		339,616,318	113,911	339,730,229
Deferred tax liabilities	*(i)*	4,412,709	4,288	4,416,997
Total non-current liabilities		69,838,963	4,288	69,843,251
Total liabilities		174,837,153	4,288	174,841,441
Retained earnings		64,703,761	100,319	64,804,080
Non-controlling interests		34,265,380	9,304	34,274,684
Total equity		164,779,165	109,623	164,888,788
TOTAL EQUITY AND LIABILITIES		339,616,318	113,911	339,730,229

Note (i): The deferred tax asset and the deferred tax liability of the same subsidiary have been offset in the statement of financial position for presentation purposes.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

Impact on the consolidated statement of profit or loss:

	Before the application of Amendments to IAS 12 For the year ended 31 December 2022	Effect of Application of Amendments to IAS 12	After the application of Amendments to IAS 12 For the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*
Income tax expense	(7,500,202)	20,986	(7,479,216)
Profit for the year	27,082,927	20,986	27,103,913
Total comprehensive income for the year	27,804,821	20,986	27,825,807

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact on the financial position or performance of the Group.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not early applied the following revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

5. MATERIAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments as disclosed in Note 48, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Group's consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets ("IAS 36").

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1-inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2-inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3-inputs are unobservable inputs for the asset or liability.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries which are presented separately from the Group's equity therein, represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i. e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010).

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation is initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

On disposal of the relevant cash-generating unit, or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below:

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate and a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

Investments in associates and joint ventures (continued)

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i. e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i. e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings, plant, machinery and equipment and motor vehicles, fixtures and others that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measure at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position except for upfront payments for leasehold lands in the PRC for own used properties which are presented as land use rights separately.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

When the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further obligation for post-retirement benefits beyond the contributions made.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, which consist of buildings, mining structures, plant, machinery and equipment, railway structures and motor vehicles, fixtures and others, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than the construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The directors reviewed the estimated useful lives of the assets annually based on the Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any accumulated impairment losses and are amortised based on the units of production method utilising only recoverable coal reserves as the depletion base.

Deferred stripping costs

In the mining of open-pit mines, stripping activities are necessary to remove rocks and soil above the coal body. Actual stripping costs incurred for each accounting period may vary based on the geological condition and the production plan. In the accounting for stripping costs, the portion of stripping costs that are incurred for the coal body to be mined in future years (those that will generate future economic benefits) is capitalised in property, plant and equipment, and is amortised to production cost in the period when the relevant coal ores are mined; and the rest of the stripping costs are recorded in production cost when incurred.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions for close down, restoration and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land at the mining sites. Depending on the circumstances, the Group may relocate inhabitants from the mining sites prior to conducting mining activities or the Group may compensate the inhabitants for losses or damage from the close-down and land subsidence after the sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the sites have been mined.

Close-down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Close-down and restoration costs are provided in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs. The cost is capitalised where it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of close down. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision is included in borrowing costs.

Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying value of the provision and related assets, and the effect is then recognised in profit or loss on a prospective basis over the remaining life of the operation. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at the end of each reporting period to reflect changes in conditions.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Technical know-how is capitalised on the basis of the costs incurred to acquire and bring to use the technical know-how. These costs are amortised over the estimated useful life of 20 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties measured using the cost model, mining rights, intangible assets with finite useful lives and land use rights to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, investment properties measured using the cost model, mining rights, intangible assets with finite useful lives and land use rights are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at fair value through profit or loss, except that at initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS *3 Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments/receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in other comprehensive income ("OCI") and accumulated under the heading of other reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/receivables had been measured at amortised cost. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, debt instruments at FVTOCI, entrusted loans, loans to the Parent Company and fellow subsidiaries, interest receivables, dividend receivables, amounts due from related parties/third parties, restricted bank deposits, term deposits and bank balances) and other items (lease receivables, contract assets and financial guarantee contracts), which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs are on these assets are assessed individually or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e. g. a significant increase in the credit spread and the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis, the financial instruments are grouped on below basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- Internal credit ratings.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for investments in debt instruments/receivables that are measured at FVTOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial assets at amortised cost, contract assets and lease receivables by adjusting their carrying amount through a loss allowance account. For investments in debt instruments/receivables that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the other reserves without reducing the carrying amounts of these debt instruments/receivables. Such amount represents the changes in the other reserves in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the other reserves is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equities in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost using the effective interest method. The Group's financial liabilities including borrowings, bonds, trade and notes payables, other payables, and other long-term liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

i. the amount of the loss allowance determined in accordance with IFRS 9; and

ii. the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 5, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination on lease term of contracts with renewal options

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that includes renewal option, specifically, the leases relating to land and buildings. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of coal and other business related non-current assets

As at 31 December 2023, the management of the Group conducted an impairment test on asset groups with signs of impairment as of December 31, 2023. In impairment testing, the recoverable amount of an asset group is determined based on the higher of the net amount after deducting disposal expenses from the fair value of the asset group or the present value of the expected future cash flows of the asset group.

Due to the complexity of long-term asset impairment assessment, which involves significant estimates and judgments, if future events do not match assumptions, the recoverable amount will need to be revised, which may have a significant impact on the Group's operating performance or financial condition.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Coal reserve estimates

Coal reserves are estimates of the amount of products that can be economically and legally extracted from the Group's coal mines. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate coal reserves changes from time to time, and additional geological data is generated during the course of operations, estimates of coal reserves may change from time to time. Changes in reported reserves may affect the Group's results and financial position in a number of ways, including the following:

– Carrying values of assets may be affected due to changes in estimated future cash flows.

– Depreciation, depletion and amortisation recognised in profit or loss may change where such charges are determined by the units of production basis, or where the economic useful lives of assets changed.

– Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

– The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(d) Provision of ECL for trade receivables

Trade receivables for debtors in significant financial difficulty are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables by groupings of various debtors that have similar loss patterns based on internal credit ratings. The provision matrix is based on the Group's historical loss rates taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. At every reporting date, the historical loss rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables is disclosed in Note 48.2.

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax and deferred tax provisions in the period in which such determination is made. In addition, the realisation of deferred tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and the carry forward of income tax loss. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of income tax assets and liabilities that could have a significant effect on earnings.

(f) Provision for close-down, restoration and environmental costs

The provision for close-down, restoration and environmental costs is determined by management based on the past experience and best estimation of future expenditures, taking into account the existing relevant PRC regulations. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(g) Deferred stripping costs

The accounting for stripping costs of open-pit mines is based on management's estimate of whether there are future benefits associated with the stripping activities incurred. The estimate may be influenced by changes of actual geological conditions, coal reserves and management's future production plans.

(h) Fair value measurement of financial instruments

As at 31 December 2023, certain of the Group's financial assets, being unquoted equity instruments amounting to RMB2,861,220,000 (2022:RMB3,405,340,000), were measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques.

Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these instruments. See Note 48.3 for further disclosures.

7. SEGMENT INFORMATION

7.1 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 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 operated. 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 sale of coal;
- Coal-chemical products-production and sale of coal-chemical products;
- Mining machinery-manufacturing and sale 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 aluminium, electricity generation, equipment trading agency services, tendering services and other insignificant manufacturing businesses which are not reportable were combined and disclosed in "Others" segment category.

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

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

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

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

7. SEGMENT INFORMATION (CONTINUED)

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

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

	Year ended and as at 31 December 2023								
	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	162,680,722	21,393,577	12,182,654	2,441,925	8,233,954	206,932,832	–	(13,963,999)	192,968,833
Inter-segment revenue	(9,294,508)	(1,050,084)	(2,019,732)	(483,113)	(1,116,562)	(13,963,999)	–	13,963,999	–
Revenue from external customers	153,386,214	20,343,493	10,162,922	1,958,812	7,117,392	192,968,833	–	–	192,968,833
Segment results									
Profit (loss) from operations	28,402,193	3,627,871	785,023	1,307,895	(306,059)	33,816,923	(406,368)	103,559	33,514,114
Profit (loss) before income tax	29,136,496	2,980,356	783,557	1,307,131	548,148	34,755,688	(974,852)	(85,450)	33,695,386
Interest income	373,517	63,696	35,789	–	97,064	570,066	514,363	(979,438)	104,991
Interest expense	(1,564,745)	(538,875)	(79,145)	–	(199,214)	(2,381,979)	(1,528,352)	845,521	(3,064,810)
Depreciation and amortisation	(5,353,755)	(4,975,607)	(393,175)	(1,678)	(497,550)	(11,221,765)	(17,818)	–	(11,239,583)
Share of profits (losses) of associates and joint ventures	1,957,885	(171,561)	43,409	–	879,757	2,709,490	466,707	–	3,176,197
Income tax expense	(6,438,111)	(308,569)	(108,572)	(335,433)	(108,496)	(7,299,181)	–	25,632	(7,273,549)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(173,059)	–	–	–	(9,006)	(182,065)	–	–	(182,065)
(Provision for) reversal of impairment of other assets	(53,646)	(478)	(39,182)	(56,183)	69,543	(79,946)	(1,834)	12,453	(69,327)
Addition to non-current assets	19,791,727	2,075,070	301,661	2,616	133,404	22,304,478	29,853	–	22,334,331
Segment assets and liabilities									
Total assets	181,708,221	56,536,932	17,656,136	103,492,843	25,198,243	384,592,375	5,403,203	(40,840,251)	349,155,327
Including: interests in associates and joint ventures	14,387,287	14,697,924	1,166,709	–	316,619	30,568,539	233,928	–	30,802,467
Total liabilities	72,167,205	21,891,881	9,299,539	97,246,012	17,472,221	218,076,858	51,407,093	(102,852,185)	166,631,766

7. SEGMENT INFORMATION (CONTINUED)

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

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

	Year ended and as at 31 December 2022 (Restated)								
	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	190,918,482	22,701,052	10,608,534	2,385,526	7,583,220	234,196,814	–	(13,619,955)	220,576,859
Inter-segment revenue	(10,080,631)	(836,762)	(1,193,437)	(491,760)	(1,017,365)	(13,619,955)	–	13,619,955	–
Revenue from external customers	180,837,851	21,864,290	9,415,097	1,893,766	6,565,855	220,576,859	–	–	220,576,859
Segment results									
Profit (loss) from operations	30,685,890	1,251,372	689,633	1,268,293	(518,302)	33,376,886	(344,505)	268,326	33,300,707
Profit (loss) before income tax	31,892,906	2,795,838	669,441	1,267,635	(577,607)	36,048,213	(1,534,130)	69,046	34,583,129
Interest income	278,074	65,498	31,351	–	61,935	436,858	723,072	(1,024,795)	135,135
Interest expense	(1,658,801)	(750,030)	(84,948)	–	(218,898)	(2,712,677)	(2,007,643)	863,388	(3,856,932)
Depreciation and amortisation	(6,472,392)	(3,225,418)	(449,590)	(1,538)	(423,978)	(10,572,916)	(18,547)	–	(10,591,463)
Share of profits of associates and joint ventures	2,641,984	2,229,363	34,995	–	454	4,906,796	103,633	–	5,010,429
Income tax (expense) credit	(6,691,407)	(260,687)	(87,066)	(313,335)	141,137	(7,211,358)	(287,951)	20,093	(7,479,216)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(669,777)	(702,878)	–	–	(575,961)	(1,948,616)	–	–	(1,948,616)
(Provision for) reversal of impairment of other assets	(6,954,239)	(25,265)	(63,113)	(99,447)	18,618	(7,123,446)	(880)	87,203	(7,037,123)
Addition to non-current assets	6,843,743	3,556,574	198,119	4,837	32,755	10,636,028	11,448	–	10,647,476
Segment assets and liabilities									
Total assets	195,119,177	64,169,942	19,745,269	96,169,284	15,352,034	390,555,706	11,862,103	(62,687,580)	339,730,229
Including: interests in associates and joint ventures	10,271,089	14,738,242	596,740	–	282,827	25,888,898	3,859,406	–	29,748,304
Total liabilities	98,090,149	24,120,937	10,275,823	90,708,338	9,080,775	232,276,022	59,828,301	(117,262,882)	174,841,441

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

7. SEGMENT INFORMATION (CONTINUED)

7.3 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	
	2023	2022
	RMB'000	*RMB'000*
Domestic markets	**190,834,157**	218,536,929
Overseas markets	**2,134,676**	2,039,930
Total	**192,968,833**	220,576,859

Analysis of non-current assets

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Domestic markets	**223,726,579**	209,645,626
Overseas markets	**596**	265
Total	**223,727,175**	209,645,891

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

7.4 Major customers

No revenue from transactions with a single external customer amounts to 10% or more of the Group's revenue for both 2023 and 2022.

8. REVENUE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Goods and services	**190,794,102**	218,406,144
Rental income	**215,919**	276,949
Interest income	**1,958,812**	1,893,766
Total	**192,968,833**	220,576,859

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December 2023				
	Coal	**Coal-chemical products**	**Mining machinery**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Sale of goods recognised					
Sale of coal	**153,036,432**	**–**	**–**	**–**	**153,036,432**
Sale of coal-chemical products	**–**	**20,296,573**	**–**	**–**	**20,296,573**
Sale of mining machinery	**–**	**–**	**9,942,943**	**–**	**9,942,943**
Sale of electric power	**–**	**–**	**–**	**4,448,018**	**4,448,018**
Sale of aluminium products	**–**	**–**	**–**	**1,696,090**	**1,696,090**
Others	**70,221**	**1,318**	**46,704**	**116,964**	**235,207**
Subtotal	**153,106,653**	**20,297,891**	**9,989,647**	**6,261,072**	**189,655,263**
Provision of services recognised					
Agent services	**52,148**	**–**	**33,114**	**137,490**	**222,752**
Railway services	**9,777**	**–**	**–**	**266,383**	**276,160**
Others	**37,704**	**42,965**	**115,757**	**443,501**	**639,927**
Subtotal	**99,629**	**42,965**	**148,871**	**847,374**	**1,138,839**
Disaggregation of revenue from contracts with customers	**153,206,282**	**20,340,856**	**10,138,518**	**7,108,446**	**190,794,102**
Analysed by geographical markets					
Domestic markets	**151,658,945**	**20,340,856**	**9,551,179**	**7,108,446**	**188,659,426**
Overseas markets	**1,547,337**	**–**	**587,339**	**–**	**2,134,676**
Total	**153,206,282**	**20,340,856**	**10,138,518**	**7,108,446**	**190,794,102**

8. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers (continued)

	Year ended 31 December 2022				
	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Others *RMB'000*	Total *RMB'000*
Sale of goods recognised					
Sale of coal	180,332,431	–	–	–	180,332,431
Sale of coal-chemical products	–	21,813,351	–	–	21,813,351
Sale of mining machinery	–	–	8,957,280	–	8,957,280
Sale of electric power	–	–	–	4,088,710	4,088,710
Sale of aluminium products	–	–	–	1,806,701	1,806,701
Others	86,621	23,360	309,148	115,070	534,199
Subtotal	180,419,052	21,836,711	9,266,428	6,010,481	217,532,672
Provision of services recognised					
Agent services	63,374	–	20,688	139,913	223,975
Railway services	5,776	–	–	246,623	252,399
Others	109,915	20,019	102,981	164,183	397,098
Subtotal	179,065	20,019	123,669	550,719	873,472
Disaggregation of revenue from contracts with customers	180,598,117	21,856,730	9,390,097	6,561,200	218,406,144
Analysed by geographical markets					
Domestic markets	178,709,620	21,853,043	9,242,351	6,561,200	216,366,214
Overseas markets	1,888,497	3,687	147,746	–	2,039,930
Total	180,598,117	21,856,730	9,390,097	6,561,200	218,406,144

8. REVENUE (CONTINUED)

(i) Disaggregation of revenue from contracts with customers: (continued)

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 2023			
	Segment revenue *RMB'000*	**Eliminations** *RMB'000*	**Less: rental and interest income** *RMB'000*	**Consolidated** *RMB'000*
Coal	**162,680,722**	**(9,294,508)**	**(179,932)**	**153,206,282**
Coal-chemical products	**21,393,577**	**(1,050,084)**	**(2,637)**	**20,340,856**
Mining machinery	**12,182,654**	**(2,019,732)**	**(24,404)**	**10,138,518**
Finance	**2,441,925**	**(483,113)**	**(1,958,812)**	**–**
Others	**8,233,954**	**(1,116,562)**	**(8,946)**	**7,108,446**
Total	**206,932,832**	**(13,963,999)**	**(2,174,731)**	**190,794,102**

	Year ended 31 December 2022			
	Segment revenue *RMB'000*	Eliminations *RMB'000*	Less: rental and interest income *RMB'000*	Consolidated *RMB'000*
Coal	190,918,482	(10,080,631)	(239,734)	180,598,117
Coal-chemical products	22,701,052	(836,762)	(7,560)	21,856,730
Mining machinery	10,608,534	(1,193,437)	(25,000)	9,390,097
Finance	2,385,526	(491,760)	(1,893,766)	–
Others	7,583,220	(1,017,365)	(4,655)	6,561,200
Total	234,196,814	(13,619,955)	(2,170,715)	218,406,144

(ii) Performance obligations for contracts with customers

Sale 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 include both land and water transports. In the type of land transport, revenue is recognised when the coal is delivered to the customers whereas in the type of water transportation, revenue is recognised when the goods are shipped out.

The consideration received from the customers before the delivery of goods is 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.

8. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers (continued)

Sale 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 is 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.

Sale 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.

9. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Impairment loss of:		
– mining rights, intangible assets, and land use rights	**–**	(6,758,503)
– Property, plant and equipment	**(182,065)**	(1,948,616)
– Prepayments	**(825)**	4,618
– Investments in associates	**–**	(47,460)
– other non-current asset	**–**	(17,611)
Gain or loss on disposal of:		
– Property, plant and equipment	**(18,614)**	8,774
– Investments in subsidiaries	**9,476**	254,897
– Investments in joint ventures	**–**	(2,662)
Government grants	**318,261**	255,935
Others	**(47,300)**	(265,748)
	78,933	(8,516,376)

10. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance income:		
– Interest income on bank deposits	**81,861**	106,739
– Interest income on entrusted loans	**23,130**	28,396
Total finance income	**104,991**	135,135
Interest expense:		
– Borrowings	**2,253,826**	2,833,864
– Long-term bonds	**547,394**	820,857
– Unwinding of discount	**336,444**	371,307
– Lease liabilities	**18,406**	22,578
Other incidental bank charges	**9,943**	7,720
Net foreign exchange losses (gains)	**25,163**	(1,510)
Finance costs	**3,191,176**	4,054,816
Less: amounts capitalised on qualifying assets *(Note)*	**(91,260)**	(191,674)
Total finance costs	**3,099,916**	3,863,142
Finance costs, net	**2,994,925**	3,728,007

Note:

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

	Year ended 31 December	
	2023	2022
Capitalisation rates used to determine the amount of finance costs eligible for capitalisation	**3.42%-4.73%**	3.45%-4.89%

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Impairment loss (recognised) reversed on:		
– Trade receivables	**(80,200)**	(205,437)
– Other receivables	**65,248**	1,245
– Contract assets	**(7,009)**	(1,707)
– Loans to the Parent Company and fellow subsidiaries	**(53,339)**	(6,514)
– Debt instruments at FVTOCI	**6,679**	(5,621)
– Other	**120**	(134)
	(68,501)	(218,168)

Details of impairment assessment are set out in Note 48.2.

12. EXPENSES BY NATURE

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Depreciation *(Note (a))*	**9,644,538**	9,524,085
Amortisation *(Note (b))*	**1,595,045**	1,067,378
Materials used and goods traded	**96,608,700**	120,252,690
Transportation costs and port expenses	**11,486,820**	10,766,014
Sales tax and surcharges	**7,154,303**	7,240,645
Auditor's remuneration		
– Audit service	**10,750**	10,958
Repairs and maintenance	**2,836,995**	2,941,152
Lease expenses under recognition exemption	**124,457**	111,421
Employee benefit expense (including directors' emoluments) *(Note (c))*	**15,419,582**	14,635,119
Other expenses	**14,583,961**	11,992,146
Total cost of sales, selling expenses and general and administrative expenses	**159,465,151**	178,541,608

12. EXPENSES BY NATURE (CONTINUED)

Notes:

(a) Depreciation charged to profit or loss is analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Depreciation for the year		
– Property, plant and equipment *(Note 18)*	**9,671,128**	9,496,872
– Investment properties	**3,941**	2,627
– Right-of-use assets *(Note 19)*	**113,415**	83,141
Less: Capitalised in inventories which remained unsold as at year end	**(44,044)**	(6,298)
Capitalised in construction in progress	**(99,902)**	(52,257)
Amount charged to profit or loss	**9,644,538**	9,524,085
Charged to:		
Expenses		
– Cost of sales	**9,285,802**	9,188,662
– Selling expenses and general and administrative expenses	**358,736**	335,423
	9,644,538	9,524,085

(b) Amortisation charged to profit or loss is analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Amortisation for the year		
– Land use rights *(Note 22)*	**174,290**	182,277
– Mining rights *(Note 20)*	**1,203,389**	667,409
– Intangible assets *(Note 21)*	**168,118**	149,590
– Long-term deferred expenses included in other non-current assets	**63,013**	71,191
Less: Capitalised in construction in progress	**(13,765)**	(3,089)
Amount charged to profit or loss	**1,595,045**	1,067,378

(c) Staff costs (including directors' emoluments) charged to profit or loss are analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Charged to:		
Cost of sales	**10,462,496**	9,337,716
Selling expenses and general and administrative expenses	**4,957,086**	5,297,403
	15,419,582	14,635,119

(d) The research and development costs recognised as expenses are RMB916,187,000 (2022: RMB771,490,000) during the year.

13. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and allowances	**10,320,571**	10,277,794
Housing subsidies *(Note (a))*	**937,169**	732,734
Contributions to pension plans *(Note (b))*	**1,709,714**	1,391,622
Welfare and other expenses	**2,452,128**	2,232,969
	15,419,582	14,635,119

Notes:

(a) These mainly include the Group's contributions to government-sponsored housing funds in the PRC at rates ranging from 12% to 25% (2022: from 12% to 25%) of the employees' basic salaries.

(b) The Group participates in various pension plans organised by the relevant municipal and provincial governments in the PRC under which the Group is required to make monthly defined contributions to these plans at rates ranging from 5% to 20% (2022: from 5% to 20%) of the employees' basic salaries depending on the applicable local regulations. Effective from 1 January 2011, the Group also makes monthly defined contributions to a supplemental pension plan for the qualified employees.

(c) The Group did not have any forfeited contributions (by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions) for the year ended 31 December 2023 in respect of the Group's defined contribution schemes to be used by the Group to reduce the existing level of contributions.

13. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Notes: (continued)

The five individuals whose emoluments were the highest in the Group during the year are as follows:

	Year ended 31 December	
	2023	**2022**
	No. of employees	**No. of employees**
Directors	**–**	2
Non-director individuals	**5**	3
	5	5

Details of emoluments paid to the non-director individuals are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Basic salaries, housing subsidies, other allowances and benefits-in-kind	**2,639**	1,550
Contributions to pension plans	**565**	369
Discretionary bonuses	**4,745**	2,583
	7,949	4,502

Discretionary bonuses are calculated based on the Group's or respective member's performance for such financial year.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	Year ended 31 December	
	2023	2022
	No. of employees	No. of employees
Under HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**5**	3
	5	3

14. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors', supervisors' and chief executive's emoluments

The emoluments of directors and supervisors for the year ended 31 December 2023 are set out below:

	2023 Emoluments paid or payable in respect of a person's service as a director or supervisor, whether of the Company or its subsidiary undertaking						
Name	Fees *RMB'000*	Salary *RMB'000*	Bonus *RMB'000*	Housing allowance *RMB'000*	Social benefits *RMB'000*	Employer's contribution to benefits scheme *RMB'000*	Total *RMB'000*
Chairman, executive director:							
Mr. WANG Shudong	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Executive directors:							
Mr. PENG Yi *(note i)*	–	–	–	–	–	–	–
Mr. LIAO Huajun *(note ii)*	–	–	–	–	–	–	–
Mr. ZHAO Rongzhe *(note ii)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Non-executive director:							
Mr. XU Qian	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. JING Fengru *(note iii)*	–	68	–	–	–	–	68
Mr. ZHANG Ke *(note iv)*	–	75	–	–	–	–	75
Mr. LEUNG Chong Shun *(note iv)*	–	75	–	–	–	–	75
Mr. ZHANG Chengjie	–	90	–	–	–	–	90
Mrs. XIONG Lushan *(note iii)*	–	225	–	–	–	–	225
Subtotal	–	533	–	–	–	–	533
Supervisors:							
Mr. WANG Wenzhang	–	442	510	47	42	139	1,180
Mrs. ZHANG Qiaoqiao	–	466	481	47	42	144	1,180
Mr. ZHANG Feng	–	286	–	36	32	97	451
Mr. ZHANG Shaoping *(note v)*	–	110	494	12	10	32	658
Subtotal	–	1,304	1,485	142	126	412	3,469
Total	–	1,837	1,485	142	126	412	4,002

14. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments (continued)

The emoluments of directors and supervisors for the year ended 31 December 2022 are set out below:

	2022 Emoluments paid or payable in respect of a person's service as a director or supervisor, whether of the Company or its subsidiary undertaking						
Name	Fees	Salary	Bonus	Housing allowance	Social benefits	Employer's contribution to benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman, executive director:							
Mr. WANG Shudong	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Executive director:							
Mr. PENG Yi	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Non-executive directors:							
Mr. ZHAO Rongzhe	–	–	–	–	–	–	–
Mr. XU Qian	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. ZHANG Ke	–	300	–	–	–	–	300
Mr. ZHANG Chengjie	–	90	–	–	–	–	90
Mr. LEUNG Chong Shun	–	300	–	–	–	–	300
Subtotal	–	690	–	–	–	–	690
Supervisors:							
Mrs. ZHANG Qiaoqiao	–	415	661	43	38	124	1,281
Mr. WANG Wenzhang	–	420	493	43	38	126	1,120
Mr. ZHANG Shaoping	–	415	557	43	38	123	1,176
Subtotal	–	1,250	1,711	129	114	373	3,577
Total	–	1,940	1,711	129	114	373	4,267

14. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Directors', supervisors' and chief executive's emoluments (continued)

Notes:

(i) Mr. PENG Yi resigned as executive director in August 2023.

(ii) Mr. LIAO Huajun and Mr. ZHAO Rongzhe were appointed as executive director in March 2023.

(iii) Mr. JING Fengru and Mrs. XIONG Lushan were appointed as independent non-executive director in March 2023.

(iv) Mr. ZHANG Ke and Mr. LEUNG Chong Shun resigned as independent non-executive director on March 2023.

(v) Mr. ZHANG Shaoping resigned as Supervisor on March 2023.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. WANG Shudong, Mr. PENG Yi, Mr. LIAO Huajun, Mr. ZHAO Rongzhe and Mr. XU Qian received emoluments from China Coal Group, part of which is in relation to their services to the Company.

No apportionment has been made as the directors consider that it is impractical to apportion this amount between their services to the Company and their service to the Parent Company.

(b) Directors' and supervisors' retirement benefits

The amount of the retirement benefits paid to all directors and supervisors during the year ended 31 December 2023 in respect of their services as directors and supervisors of the Group is RMB412,000 (2022: RMB373,000).

No other retirement benefits were paid to them in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2022: Nil).

(c) Directors' and supervisors' termination benefits

During the years ended 31 December 2022 and 2023, no payment to the directors and supervisors as compensation for the early termination of the appointment was made by the Company.

14. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(d) During the years ended 31 December 2022 and 2023, there is no consideration that was provided to third parties for making available directors' and supervisors' services.

No payment to the former employers for making available the services as directors and supervisors of the Company was made (2022: Nil).

During the years ended 31 December 2022 and 2023, and as at 31 December 2022 and 2023, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, in favour of directors and supervisors.

(e) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(f) During the years ended 31 December 2022 and 2023, no directors or supervisors of the Company waived any emoluments.

(g) No executive directors of the Company are entitled to bonus payments which are determined based on a percentage of the Group's profit after tax of the year.

15. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– PRC enterprise income tax *(Note (a))*	**7,378,797**	9,308,701
Deferred tax *(Note 38)*	**(105,248)**	(1,829,485)
	7,273,549	7,479,216

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 2023 and 2022 is 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% or 20% based on the relevant PRC tax laws and regulations. For Sunfield Resources Pty Ltd, a subsidiary registered in Australia, tax is calculated based on the statutory income tax rate of 30%. For China Japan Coal Ltd, a subsidiary registered in Japan, tax is calculated by 15.0% for the portion under 8 million yen and 23.2% for the portion of 8 million yen or above.

15. INCOME TAX EXPENSE (CONTINUED)

Notes (continued):

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**33,695,386**	34,583,129
Tax calculated at statutory income tax rate of 25% (2022: 25%) in the PRC	**8,423,847**	8,645,782
Effect of preferential tax rates on income of certain subsidiaries	**(1,054,166)**	(1,116,570)
Adjustment of income tax of the previous period	**101,961**	33,438
Income not subject to taxation	**(714,882)**	(761,591)
Expenses not deductible for taxation purposes	**146,158**	117,430
Utilisation of previously unrecognised tax losses	**(5,789)**	(678,593)
Tax losses for which no deferred tax asset has been recognised	**367,832**	38,813
Deductible temporary differences for which no deferred tax asset has been recognised	**83,862**	316,681
(Utilisation) Recognition of previously unrecognised deductible temporary differences	**(16,107)**	4,079
Additional expenses allowable for tax deduction	**(105,605)**	(117,375)
Taxable impact regarding transfer of investment in an associate from the Company to a subsidiary	**–**	603,925
Others	**46,438**	393,197
Income tax expense	**7,273,549**	7,479,216

15. INCOME TAX EXPENSE (CONTINUED)

Notes: (continued)

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

	Year ended 31 December 2023			Year ended 31 December 2022		
	Before tax	**Tax charge**	**After tax**	Before tax	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	**523,493**	**(39,710)**	**483,783**	(965,408)	211,119	(754,289)
Fair value changes on debt instruments measured at FVTOCI	**(15,790)**	**3,526**	**(12,264)**	(30,947)	5,010	(25,937)
Impairment loss on debt instruments at FVTOCI included in profit or loss, net of reversal	**6,679**	**–**	**6,679**	(5,621)	–	(5,621)
Exchange differences arising on translation of foreign operations	**(7,835)**	**–**	**(7,835)**	(4,396)	–	(4,396)
Share of other comprehensive income of associates, net of related income tax	**917**	**–**	**917**	68,349	–	68,349
	507,464	**(36,184)**	**471,280**	(938,023)	216,129	(721,894)
Deferred tax		**(36,184)**			216,129	

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Deferred tax	**(36,184)**	216,129

16. DIVIDENDS

During the year ended 31 December 2023, dividends for ordinary shareholders of the Company recognised as distribution are RMB5,475,828,000 being final divided for the year ended 31 December 2022 of RMB0.413 per share for 13,258,663,400 shares.

A total dividend of RMB5,860,215,000 for the year ended 31 December 2023 has been proposed by the directors of the Company and is subject to approval by the shareholders at the 2023 annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December 2023 ***RMB'000***
Proposed final dividend	**5,860,215**

17. 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 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to the equity holders of the Company (RMB'000)	**20,183,598**	19,737,989
Number of ordinary shares in issue (in thousands)	**13,258,663**	13,258,663
Basic earnings per share (RMB per share)	**1.52**	1.49

As the Company had no potential ordinary shares in issue for the years ended 31 December 2023 and 2022, diluted earnings per share equals to basic earnings per share.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Mining structures *RMB'000*	Plant, machinery and equipment *RMB'000*	Railway structures *RMB'000*	Motor vehicles, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Year ended 31 December 2022							
Opening net book amount	33,404,187	27,397,030	43,585,378	3,432,126	1,792,836	19,597,073	129,208,630
Additions	53,115	2,277,001	1,079,655	–	434,584	4,679,162	8,523,517
Transfers upon completion of construction	2,995,407	3,594,226	5,586,443	245,757	54,899	(12,476,732)	–
Transfer from investment properties	11,031	–	–	–	–	–	11,031
Transfer to land use rights, mining rights and intangible assets	–	–	–	–	–	(253,435)	(253,435)
Disposals	(3,462)	–	(126,858)	(4,236)	(10,155)	–	(144,711)
Acquisition of subsidiaries	342,637	237,011	134,427	144,656	58,356	(370,795)	546,292
Reclassification	(409,490)	–	7,189	400,689	1,612	–	–
Depreciation charges *(Note 12)*	(1,771,478)	(2,220,987)	(5,154,282)	(136,666)	(213,459)	–	(9,496,872)
Provision for impairment	(733,249)	(178,008)	(891,798)	–	(15,705)	(129,856)	(1,948,616)
Closing net book amount	33,888,698	31,106,273	44,220,154	4,082,326	2,102,968	11,045,417	126,445,836
At 31 December 2022							
Cost	51,327,000	48,325,243	98,404,647	5,443,599	4,872,865	12,104,563	220,477,917
Accumulated depreciation	(15,530,334)	(16,363,471)	(50,010,056)	(1,361,273)	(2,683,908)	–	(85,949,042)
Impairment provision	(1,907,968)	(855,499)	(4,174,437)	–	(85,989)	(1,059,146)	(8,083,039)
Net book amount	33,888,698	31,106,273	44,220,154	4,082,326	2,102,968	11,045,417	126,445,836

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Mining structures	Plant, machinery and equipment	Railway structures	Motor vehicles, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023							
Opening net book amount	33,888,698	31,106,273	44,220,154	4,082,326	2,102,968	11,045,417	126,445,836
Additions	109,650	3,176,351	2,142,989	–	771,436	6,407,043	12,607,469
Transfers upon completion of construction	960,151	2,148,291	2,006,233	84,199	151,203	(5,350,077)	–
Transfer to intangible assets、Mining rights and Land use rights	–	–	–	–	–	(759,632)	(759,632)
Disposals	(43,447)	–	(30,003)	(647)	(11,592)	–	(85,689)
Disposals of subsidiaries	(446,773)	–	(190,375)	–	(15,460)	–	(652,608)
Reclassification	(453,809)	484,084	60,533	191	(90,999)	–	–
Depreciation charges *(Note 12)*	(1,794,026)	(2,429,172)	(5,017,782)	(180,835)	(249,313)	–	(9,671,128)
Provision and other changes for impairment	(71,343)	–	8,652	–	–	(119,374)	(182,065)
Closing net book amount	32,149,101	34,485,827	43,200,401	3,985,234	2,658,243	11,223,377	127,702,183
At 31 December 2023							
Cost	51,204,329	54,114,530	101,550,229	5,527,099	5,452,091	12,401,897	230,250,175
Accumulated depreciation	(17,051,447)	(18,797,673)	(54,208,925)	(1,541,865)	(2,707,858)	–	(94,307,768)
Impairment provision	(2,003,781)	(831,030)	(4,140,903)	–	(85,990)	(1,178,520)	(8,240,224)
Net book amount	32,149,101	34,485,827	43,200,401	3,985,234	2,658,243	11,223,377	127,702,183

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment, except for mining structures, are depreciated on a straight-line basis at the following estimated useful lives:

Buildings	8 to 50 years
Railway structures	25 to 30 years
Plant, machinery and equipment	4 to 18 years
Motor vehicles, fixtures and others	5 to 15 years

Mining structures (including the main and auxiliary mine shafts and underground tunnels) are depreciated on the units of production basis utilising only recoverable coal reserves as the depletion base.

During the year ended 31 December 2023, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB9,107,560,000 (2022: RMB9,104,540,000), selling expenses and general and administrative expenses with an amount of RMB356,222,000 (2022: RMB333,928,000), construction in progress with an amount of RMB163,158,000 (2022: RMB52,106,000), and cost of inventories which remained unsold as at year end with an amount of RMB44,044,000 (2022: RMB6,298,000), respectively.

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB598,901,000 (2022: RMB1,130,725,000).

As at 31 December 2023, the Group was in process of applying the ownership certificates of buildings with a net book amount of RMB2,689,200,000 (2022: RMB3,667,382,000).

19. RIGHT-OF-USE ASSETS

	Land *RMB'000*	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles and other equipment *RMB'000*	Total *RMB'000*
As at 1 January 2022					
Carrying amount	313,879	73,903	302	18,668	406,752
As at 31 December 2022					
Carrying amount	282,665	51,836	15,658	12,595	362,754
For the year ended 31 December 2022					
Additions	–	17,701	21,562	–	39,263
Deductions	–	120	–	–	120
Depreciation charges *(Note 12)*	31,214	39,648	6,206	6,073	83,141
Expense relating to short-term leases					111,421
Total cash outflow for leases					147,941

	Land ***RMB'000***	**Buildings** ***RMB'000***	**Machinery** ***RMB'000***	**Motor vehicles and other equipment** ***RMB'000***	**Total** ***RMB'000***
As at 1 January 2023					
Carrying amount	**282,665**	**51,836**	**15,658**	**12,595**	**362,754**
As at 31 December 2023					
Carrying amount	**492,436**	**239,787**	**7,836**	**6,616**	**746,675**
For the year ended 31 December 2023					
Additions	**271,108**	**229,210**	**20**	**–**	**500,338**
Deductions	**–**	**1,706**	**1,296**	**–**	**3,002**
Depreciation charges *(Note 12)*	**61,337**	**39,553**	**6,546**	**5,979**	**113,415**
Expense relating to short-term leases					**124,457**
Total cash outflow for leases					**163,826**

For both years, the Group leases certain land, buildings, machinery and motor vehicles and other equipment for its operations. Lease contracts are entered into fixed terms of 3 years to 20 years, but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

20. MINING RIGHTS

	RMB'000
Year ended 31 December 2022	
Opening net book amount	43,070,151
Additions	1,358,925
Acquisition of a subsidiary	2,497,235
Transferred from property, plant and equipment	50,251
Disposals	(134,338)
Impairment provision	(6,688,955)
Amortisation charges *(Note 12)*	(667,409)
Other	(940)
Closing net book amount	39,484,920
At 31 December 2022	
Cost	52,674,185
Accumulated amortisation	(6,241,748)
Impairment provision	(6,947,517)
Net book amount	39,484,920

	RMB'000
Year ended 31 December 2023	
Opening net book amount	**39,484,920**
Additions	**8,395,982**
Transferred from property, plant and equipment	**691,441**
Amortisation charges *(Note 12)*	**(1,203,389)**
Other	**(159,426)**
Closing net book amount	**47,209,528**
At 31 December 2023	
Cost	**61,592,608**
Accumulated amortisation	**(7,435,563)**
Impairment provision	**(6,947,517)**
Net book amount	**47,209,528**

The amortisation charges were mainly recorded in cost of sales for the years ended 31 December 2023 and 2022.

21. INTANGIBLE ASSETS

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2022			
Opening net book amount	1,120,809	804,107	1,924,916
Additions	17,026	91,697	108,723
Acquisition of a subsidiary	–	945	945
Transferred from property, plant and equipment	2,336	23,414	25,750
Disposals	–	(727)	(727)
Impairment provision	(10,294)	(23)	(10,317)
Amortisation charges *(Note 12)*	(86,516)	(63,074)	(149,590)
Other	(3,610)	(868)	(4,478)
Closing net book amount	1,039,751	855,471	1,895,222
At 31 December 2022			
Cost	1,655,110	1,370,422	3,025,532
Impairment provision	(10,294)	(3,015)	(13,309)
Accumulated amortisation	(605,065)	(511,936)	(1,117,001)
Net book amount	1,039,751	855,471	1,895,222

	Technical know-how ***RMB'000***	**Others** ***RMB'000***	**Total** ***RMB'000***
Year ended 31 December 2023			
Opening net book amount	**1,039,751**	**855,471**	**1,895,222**
Additions	**24,348**	**110,465**	**134,813**
Disposal of subsidiaries *(Note 44)*	**–**	**(1,422)**	**(1,422)**
Transferred from property, plant and equipment	**14,400**	**27,791**	**42,191**
Disposals	**–**	**(3,281)**	**(3,281)**
Amortisation charges *(Note 12)*	**(97,344)**	**(70,774)**	**(168,118)**
Other	**7**	**(8,042)**	**(8,035)**
Closing net book amount	**981,162**	**910,208**	**1,891,370**
At 31 December 2023			
Cost	**1,693,865**	**1,495,933**	**3,189,798**
Impairment provision	**(10,294)**	**(3,015)**	**(13,309)**
Accumulated amortisation	**(702,409)**	**(582,710)**	**(1,285,119)**
Net book amount	**981,162**	**910,208**	**1,891,370**

The amortisation charges were mainly recorded in cost of sales, selling expenses and general and administrative expenses for the years ended 31 December 2023 and 2022.

Other intangible assets mainly include computer software.

22. LAND USE RIGHTS

	RMB'000
Year ended 31 December 2022	
Opening net book amount	6,385,064
Additions	379,898
Acquisition of a subsidiary	83,896
Transferred from property, plant and equipment	177,434
Impairment provision	(59,231)
Disposals	(246)
Amortisation charges *(Note 12)*	(182,277)
Other	3,464
Closing net book amount	6,788,002
At 31 December 2022	
Cost	8,489,638
Accumulated amortisation	(1,612,594)
Impairment provision	(89,042)
Net book amount	6,788,002

	RMB'000
Year ended 31 December 2023	
Opening net book amount	**6,788,002**
Additions	**35,079**
Disposal of a subsidiary	**(125,441)**
Transferred from property, plant and equipment	**26,000**
Amortisation charges *(Note 12)*	**(174,290)**
Other	**(12,318)**
Closing net book amount	**6,537,032**
At 31 December 2023	
Cost	**8,384,587**
Accumulated amortisation	**(1,758,513)**
Impairment provision	**(89,042)**
Net book amount	**6,537,032**

22. LAND USE RIGHTS (CONTINUED)

Bank borrowings are secured by land use rights for the carrying value of RMB32,606,000 (2022: RMB40,366,000).

The Group's land use rights represent upfront payments for leasehold land located in the PRC with lease periods between 30 to 50 years.

The amortisation charges were recorded in cost of sales with an amount of RMB100,095,000 (2022: RMB102,067,000), selling expenses and general and administrative expense with an amount of RMB71,497,000 (2022: RMB77,508,000) and construction in progress with an amount of RMB2,698,000 (2022: RMB2,702,000).

As at 31 December 2023, the Group was in process of applying the ownership certificates of land use rights with net carrying amounts of RMB347,486,000 (2022: RMB625,293,000).

23(a) SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2023. The table below lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

23(a) SUBSIDIARIES (CONTINUED)

(i) Principal subsidiaries

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Listed –							
Shanghai Datun Energy Resources Co., Ltd ("Shanghai Energy Company") (上海大屯能源股份有限公司)	Shanghai, the PRC	RMB 722,718,000	62.43%	62.43%	37.57%	Coal mining and sale of coal in Peixian, the PRC	Joint stock with limited liability
Unlisted –							
China Coal Pingshuo Group Co., Ltd ("Pingshuo Group ") (中煤平朔集團有限公司)	Shuozhou, the PRC	RMB 23,514,794,006	100%	100%	–	Coal mining and sale of coal in Shuozhou, the PRC	Limited liability company
China National Coal Mining Equipment Company Limited (中國煤礦機械裝備有限責任公司)	Beijing, the PRC	RMB 8,961,115,570	100%	100%	–	Design, manufacture and sale of coal mining machinery and equipment in Zhangjiakou, Beijing, the PRC	Limited liability company
China Coal and Coke Holdings Limited (中煤焦化控股有限責任公司)	Beijing, the PRC	RMB 1,048,813,800	100%	100%	–	Sale of coke in Beijing, Tianjin and Taiyuan, the PRC	Limited liability company
China Coal Huajin Energy Group Limited ("China Coal Huajin Company") (中煤華晉集團有限公司)	Taiyuan, the PRC	RMB 10,000,000,000	51%	51%	49%	Coal mining and sale of coal in Hejin, the PRC	Limited liability company
China National Coal Development Company Limited (中國煤炭開發有限責任公司)	Beijing, the PRC	RMB 1,044,964,305	100%	100%	–	Trading of mining equipment in Beijing, the PRC	Limited liability company

23(a) SUBSIDIARIES (CONTINUED)

(i) Principal subsidiaries (continued)

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Unlisted (continued)							
Datong China Coal Export Base Development Company Limited (大同中煤出口煤基地建設有限公司)	Datong, the PRC	RMB 125,000,000	19%	60%	40%	Processing and sale of coal in Datong, the PRC	Sino-foreign joint venture
China Coal Heilongjiang Coal Chemical Company Limited (中煤能源黑龍江煤化工有限公司)	Yilan, the PRC	RMB 2,607,168,035	100%	100%	–	Coal mining and sale of coal in Yilan, the PRC	Limited liability company
China Coal Xinjiang Coal Electricity Chemical Company Limited (中煤能源新疆煤電化有限公司)	Jimsar County in Changji Prefecture, the PRC	RMB 800,000,000	60%	60%	40%	Coal chemical in Jimsar County in Changji Prefecture, the PRC	Limited liability company
China Coal Hami Coal Industry Company Limited (中煤能源哈密煤業有限公司)	Hami, the PRC	RMB 614,766,400	100%	100%	–	Coal mining and sale of coal in Hami, the PRC	Limited liability company
Wushenqi Mengda Mining Company Limited ("Mengda Mining") (烏審旗蒙大礦業有限責任公司)	Ordos, the PRC	RMB 854,000,000	66%	66%	34%	Coal mining and sale of coal in Ordos, the PRC	Limited liability company
Ordos Yihua Mining Resources Company Limited ("Yihua Mining") (鄂爾多斯市伊化礦業資源有限責任公司)	Ordos, the PRC	RMB 1,274,087,300	51%	51%	49%	Coal mining and sale of coal in Ordos, the PRC	Limited liability company
China Coal Shaanxi Energy Chemical Group Co., Ltd ("Shaanxi Yulin") (中煤陝西能源化工集團有限公司)	Yulin, the PRC	RMB 8,499,660,000	100%	100%	–	Manufacture and sale of coal chemical products in Yulin, the PRC	Limited liability company
Ordos Yinhe Hongtai Coal Power Company Limited (鄂爾多斯市銀河鴻泰煤電有限公司)	Ordos, the PRC	RMB 94,493,800	78.84%	78.84%	21.16%	Coal mine development in Ordos, the PRC	Limited liability company
Shanxi Puxian China Coal Jinchang Mining Company Limited (山西蒲縣中煤晉昶礦業有限責任公司)	Linfen, the PRC	RMB 50,000,000	51%	51%	49%	Coal mine development in Linfen, the PRC	Limited liability company

23(a) SUBSIDIARIES (CONTINUED)

(i) Principal subsidiaries (continued)

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Unlisted (continued)							
China Coal Sales and Transportation Company Limited (中國煤炭銷售運輸有限責任公司)	Beijing, the PRC	RMB 5,328,537,012	100%	100%	–	Sale of coal products and other related products in Shanghai, Guangdong, Shandong, Qinhuangdao, the PRC	Limited liability company
Shanxi Zhongxin Tangshangou Coal Industry Company Limited (山西中新唐山溝煤業有限責任公司)	Datong, the PRC	RMB 16,350,000	80%	80%	20%	Coal mining and sale of coal in Datong, the PRC	Limited liability company
Shanxi Puxian China Coal Yushuo Mining Company Limited (山西蒲縣中煤禹碩礦業有限責任公司)	Linfen, the PRC	RMB 50,000,000	63%	63%	37%	Coal mine development in Linfen, the PRC	Limited liability company
China Coal Finance Co., Ltd ("Finance Company") (中煤財務有限責任公司)	Beijing, the PRC	RMB 3,000,000,000	91%	91%	9%	Provision of financing services in Beijing, the PRC	Limited liability company
Wushenqi Mengda Energy Environmental Protection Co., Ltd. (烏審旗蒙大能源環保有限公司)	Ordos, the PRC	RMB 15,000,000	–	70%	30%	Waste disposal in Ordos, the PRC	Limited liability company
China Coal Northwest Energy Chemical Group Co., Ltd. (中煤西北能源化工集團有限公司)	Ordos, the PRC	RMB 1,256,667,298	100%	100%	–	Coal mine development in Ordos, the PRC	Limited liability company
China Coal Chemicals (Tianjin) Company Limited (中煤化(天津)化工銷售有限公司)	Tianjin, the PRC	RMB 500,000,000	100%	100%	–	Manufacture and sale of coal chemical products in Tianjin, the PRC	Limited liability company

Note: On 30 November 2023, Yulin Enterprise Development Investment Co., Ltd. ("Yulin Development Investment") and Yulin Yuyang District Energy Investment Co., Ltd. ("Yulin Energy Investment") subscribed 10% and 10% of the equity interest in Shaanxi Yulin, a wholly-owned subsidiary of the Company, respectively. Upon completion of the increase in the registered capital, Yulin Development Investment and Yulin Energy Investment have the right to enjoy the accumulated profits since incorporation of Shaanxi Yulin in proportion to the shares held by them. Accordingly, there was an increase in the non-controlling interests amounted to RMB1.27 billion, and a decrease in reserves and retained earnings amounted to RMB0.10 billion and RMB0.93 billion, respectively.

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests

The non-controlling interests are set out as below:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000* (Restated)
Subsidiaries with material non-controlling interests		
Shanghai Energy Company	**4,849,448**	4,667,626
China Coal Huajin Company	**18,845,611**	16,363,271
Mengda Mining	**4,317,139**	3,723,597
Yihua Mining	**3,988,040**	3,621,216
Others	**6,640,949**	5,898,974
	38,641,187	34,274,684

There are no significant restrictions on the subsidiaries to transfer funds to the Company.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The summarised financial information below represents amounts before intragroup elimination.

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position

	Shanghai Energy Company	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Current assets	**4,432,158**	4,932,934
Non-current assets	**15,999,475**	14,936,563
	20,431,633	19,869,497
Current liabilities	**3,599,103**	4,255,209
Non-current liabilities	**3,842,538**	3,076,443
	7,441,641	7,331,652
Equity attributable to the equity holders of the Company	**8,140,544**	7,870,219
Non-controlling interests of Shanghai Energy Company	**4,849,579**	4,686,901
Non-controlling interests of Shanghai Energy Company's subsidiaries	**(131)**	(19,275)
Net assets	**12,989,992**	12,537,845

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	China Coal Huajin Company	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
		(Restated)
Current assets	**25,561,530**	23,548,964
Non-current assets	**17,541,472**	15,683,086
	43,103,002	39,232,050
Current liabilities	**4,630,688**	6,754,757
Non-current liabilities	**2,589,927**	2,217,083
	7,220,615	8,971,840
Equity attributable to the equity holders of the Company	**17,036,776**	13,896,939
Non-controlling interests of China Coal Huajin Company	**16,706,310**	13,657,048
Non-controlling interests of China Coal Huajin Company's subsidiaries	**2,139,301**	2,706,223
Net assets	**35,882,387**	30,260,210

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	Mengda Mining	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000* (Restated)
Current assets	**2,873,326**	4,465,270
Non-current assets	**16,042,677**	13,754,545
	18,916,003	18,219,815
Current liabilities	**2,094,598**	2,463,471
Non-current liabilities	**4,123,937**	4,804,588
	6,218,535	7,268,059
Equity attributable to the equity holders of the Company	**8,380,329**	7,228,159
Non-controlling interests of Mengda Mining	**4,317,139**	3,723,597
Net assets	**12,697,468**	10,951,756

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	Yihua Mining	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
		(Restated)
Current assets	**1,239,106**	3,297,711
Non-current assets	**14,398,454**	10,548,384
	15,637,560	13,846,095
Current liabilities	**1,897,710**	1,785,157
Non-current liabilities	**5,600,994**	4,670,702
	7,498,704	6,455,859
Equity attributable to the equity holders of the Company	**4,150,816**	3,769,020
Non-controlling interests of Yihua Mining	**3,988,040**	3,621,216
Net assets	**8,138,856**	7,390,236

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income

	Shanghai Energy Company	
	Year ended 31 December 2023	Year ended 31 December 2022
	RMB'000	*RMB'000*
Revenue	**10,977,657**	12,633,854
Profit before income tax	**1,321,405**	2,378,762
Income tax expense	**(342,726)**	(626,114)
Profit for the year	**978,679**	1,752,648
Other comprehensive income for the year	**1,053**	4,573
Total comprehensive income for the year	**979,732**	1,757,221
Dividends paid to non-controlling interests of Shanghai Energy Company	**198,213**	42,086
Profit attributable to equity holders of the Company	**622,941**	1,101,919
Profit attributable to the non-controlling interests of Shanghai Energy Company	**374,881**	663,128
Loss attributable to the non-controlling interests of Shanghai Energy Company's subsidiaries	**(19,143)**	(12,399)
Other comprehensive income attributable to the equity holders of the Company	**658**	2,855
Other comprehensive income attributable to the non-controlling interests of Shanghai Energy Company	**396**	1,718
Other comprehensive expense attributable to the non-controlling interests of Shanghai Energy Company's subsidiaries	**(1)**	(38)
Total comprehensive income attributable to the equity holders of the Company	**623,599**	1,104,774
Total comprehensive income attributable to the non-controlling interests of Shanghai Energy Company	**375,277**	664,847
Total comprehensive income attributable to the non-controlling interests of Shanghai Energy Company's subsidiaries	**(19,144)**	(12,437)

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income (continued)

	China Coal Huajin Company	
	Year ended 31 December 2023	Year ended 31 December 2022
	RMB'000	*RMB'000*
		(Restated)
Revenue	**16,282,455**	18,580,203
Profit before income tax	**9,881,468**	12,232,467
Income tax expense	**(2,504,784)**	(3,136,531)
Profit for the year	**7,376,684**	9,095,936
Other comprehensive income for the year	**1,405**	2,322
Total comprehensive income for the year	**7,378,089**	9,098,258
Dividends paid to non-controlling interests of China Coal Huajin Company	**–**	499,996
Profit attributable to equity holders of the Company	**3,139,148**	3,741,783
Profit attributable to the non-controlling interests of China Coal Huajin Company	**3,016,046**	3,595,042
Profit attributable to the non-controlling interests of China Coal Huajin Company's subsidiaries	**1,221,491**	1,759,112
Other comprehensive income attributable to the equity holders of the Company	**500**	969
Other comprehensive income attributable to the non-controlling interests of China Coal Huajin Company	**480**	931
Other comprehensive income attributable to the non-controlling interests of China Coal Huajin Company's subsidiaries	**424**	421
Total comprehensive income attributable to the equity holders of the Company	**3,139,648**	3,742,752
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin Company	**3,016,526**	3,595,973
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin Company's subsidiaries	**1,221,915**	1,759,533

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income (continued)

	Mengda Mining	
	Year ended 31 December 2023	Year ended 31 December 2022
	RMB'000	*RMB'000* (Restated)
Revenue	**6,193,463**	7,693,549
Profit before income tax	**2,045,110**	3,478,242
Income tax expense	**(300,475)**	(557,420)
Profit for the year	**1,744,635**	2,920,822
Other comprehensive income (expense) for the year	**804**	(615)
Total comprehensive income for the year	**1,745,439**	2,920,207
Dividends paid to non-controlling interests of Mengda Mining	**–**	–
Profit attributable to equity holders of the Company	**1,151,459**	1,927,008
Profit attributable to the non-controlling interests of Mengda Mining	**593,176**	993,814
Other comprehensive income (expense) attributable to the equity holders of the Company	**531**	(406)
Other comprehensive income (expense) attributable to the non-controlling interests of Mengda Mining	**273**	(209)
Total comprehensive income attributable to the equity holders of the Company	**1,151,990**	1,926,602
Total comprehensive income attributable to the non-controlling interests of Mengda Mining	**593,449**	993,605

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income (continued)

	Yihua Mining	
	Year ended 31 December 2023	Year ended 31 December 2022
	RMB'000	*RMB'000* (Restated)
Revenue	**3,973,133**	5,079,647
Profit before income tax	**889,510**	1,844,309
Income tax expense	**(140,319)**	(298,135)
Profit for the year	**749,191**	1,546,174
Other comprehensive (expense) income for the year	**(570)**	598
Total comprehensive income for the year	**748,621**	1,546,772
Dividends paid to non-controlling interests of Yihua Mining	**–**	–
Profit attributable to equity holders of the Company	**382,087**	788,590
Profit attributable to the non-controlling interests of Yihua Mining	**367,104**	757,584
Other comprehensive (expense) income attributable to the equity holders of the Company	**(291)**	305
Other comprehensive (expense) income attributable to the non-controlling interests of Yihua Mining	**(279)**	293
Total comprehensive income attributable to the equity holders of the Company	**381,796**	788,895
Total comprehensive income attributable to the non-controlling interests of Yihua Mining	**366,825**	757,877

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of cash flows

	Shanghai Energy Company		China Coal Huajin		Mengda Mining		Yihua Mining	
	Year ended 31 December 2023	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Net cash inflow from operating activities	**1,383,326**	3,911,124	**7,550,640**	8,553,947	**1,764,615**	3,260,966	**884,549**	2,610,966
Net cash outflow from investing activities	**(1,107,965)**	(715,027)	**(1,582,215)**	(1,075,408)	**(2,287,355)**	(526,131)	**(2,320,079)**	(91,317)
Net cash inflow (outflow) from financing activities	**(331,887)**	(1,010,845)	**(3,690,346)**	(152,385)	**522,748**	(2,734,844)	**1,435,510**	(2,519,616)
Net cash inflow (outflow)	**(56,526)**	2,185,252	**2,278,079**	7,326,154	**8**	(9)	**(20)**	33

23(b) INVESTMENT IN ASSOCIATES

	2023	2022
	RMB'000	*RMB'000*
Beginning of the year	**25,240,148**	22,638,811
Additions	**–**	206,793
Disposal	**–**	(136,824)
Share of profits	**2,447,926**	3,307,269
Dividends	**(1,433,289)**	(766,922)
Others	**8,496**	(8,979)
End of the year	**26,263,281**	25,240,148

All associates are unlisted and there is no quoted market price available for their shares.

Set out below is the associate of the Group as at 31 December 2023, which, in the opinion of the directors of the Company, is material to the Group. The country of establishment or registration is also its principal place of business.

23(b) INVESTMENT IN ASSOCIATES (CONTINUED)

Details of a material associate as at 31 December 2023 and 2022

Name of entity	Place of business/ country of establishment	% of ownership interest	Measurement method
Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic")	Ordos, the PRC	38.75 (2022:38.75)	Equity

Summarised financial information for a material associate

Set out below is the summarised financial information for the associate which is material to the Group using the equity method of accounting. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Summarised statement of financial position

	Zhongtian Synergetic	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Current assets	**3,672,145**	3,212,490
Non-current assets	**48,615,038**	51,033,512
Current liabilities	**(7,464,050)**	(3,811,427)
Non-current liabilities	**(17,563,108)**	(23,434,600)
Net assets	**27,260,025**	26,999,975

23(b) INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information for a material associate (continued)

Summarised statement of profit or loss and other comprehensive income

	Zhongtian Synergetic	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**15,675,914**	17,550,956
Profit before income tax	**3,189,744**	5,349,052
Profit for the year	**2,767,095**	4,589,389
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**2,767,095**	4,589,389
Dividends declared from the associate during the year	**966,123**	631,975

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate, if any.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associate

	Zhongtian Synergetic	
	2023	2022
	RMB'000	*RMB'000*
Opening net assets at 1 January	**26,999,975**	24,070,064
Profit for the year	**2,767,095**	4,589,389
Dividends	**(2,493,223)**	(1,630,903)
Others	**(13,822)**	(28,575)
Closing net assets at 31 December	**27,260,025**	26,999,975
The Group's shares of net assets	**10,563,260**	10,462,490
Carrying value of interest in associate	**10,563,260**	10,509,528

23(b) INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information (continued)

Aggregate information of associates that are not individually material

	Year ended/as at 31 December 2023 *RMB'000*	Year ended/as at 31 December 2022 *RMB'000*
The Group's share of profit	**1,396,936**	1,538,433
The Group's share of other comprehensive expense	**(917)**	–
The Group's share of total comprehensive income	**1,396,019**	1,538,433
Aggregate carrying amount of the Group's interests in these associates	**15,700,021**	14,730,620

23(c) INVESTMENT IN JOINT VENTURES

	2023 *RMB'000*	2022 *RMB'000*
Beginning of the year	**4,508,156**	4,048,413
Additions	**523,612**	–
disposal	**–**	(6,628)
Share of profit	**728,271**	1,703,161
Others	**–**	(420)
Dividends	**(1,220,853)**	(1,236,370)
End of the year	**4,539,186**	4,508,156

All of the joint ventures are unlisted and there is no quoted market price available for their shares.

Details of material joint ventures as at 31 December 2023 and 2022:

Name of entity	**Principal place of business/country of establishment**	**% of ownership interest**	**Measurement method**
Yan'an Hecaogou Coal Company Limited ("Hecaogou Coal")	Yanan, the PRC	50.00	Equity
Hebei CNC Risun Energy Limited ("Risun Energy")	Hebei, the PRC	45.00	Equity

23(c) INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised financial information for material joint ventures

Set out below is the summarised financial information for joint ventures which are material to the Group using the equity method of accounting. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

Summarised statement of financial position

	Hecaogou Coal		**Risun Energy**	
	As at 31 December 2023	As at 31 December 2022	**As at 31 December 2023**	As at 31 December 2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**671,977**	1,644,326	**2,381,711**	161,621
Other current assets	**114,132**	729,073	**1,716,869**	1,762,639
Total current assets	**786,109**	2,373,399	**4,098,580**	1,924,260
Financial liabilities (excluding trade payables)	**–**	–	**(270,000)**	(170,000)
Other current liabilities	**(403,062)**	(765,722)	**(2,643,417)**	(726,081)
Total current liabilities	**(403,062)**	(765,722)	**(2,913,417)**	(896,081)
Total non-current assets	**4,511,306**	4,336,967	**2,703,314**	2,765,477
Financial liabilities	**–**	–	**(569,000)**	(570,000)
Other liabilities	**(511,472)**	(473,584)	**(15,589)**	(18,436)
Total non-current liabilities	**(511,472)**	(473,584)	**(584,589)**	(588,436)
Net assets	**4,382,881**	5,471,060	**3,303,888**	3,205,220

23(c) INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised financial information for material joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income

	Hecaogou Coal		Risun Energy	
	As at 31 December 2023	As at 31 December 2022	**As at 31 December 2023**	As at 31 December 2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**3,016,249**	5,205,868	**6,745,190**	8,145,094
Profit before income tax	**1,539,242**	3,307,535	**164,538**	779,669
Profit for the year	**1,290,857**	2,799,063	**151,503**	688,373
Other comprehensive income for the year	**–**	–	**–**	–
Total comprehensive income for the year	**1,290,857**	2,799,063	**151,503**	688,373
Dividends declared from the joint venture during the year	**1,200,000**	900,000	**20,453**	335,870

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, if any.

Reconciliation of summarised financial information

	Hecaogou Coal		Risun Energy	
	2023	2022	**2023**	2022
Summarised financial information	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Opening net assets at 1 January	**5,471,060**	4,421,126	**3,205,220**	3,227,846
Profit for the year	**1,290,857**	2,799,063	**151,503**	688,373
Others	**20,964**	50,871	**(7,384)**	35,381
Dividends	**(2,400,000)**	(1,800,000)	**(45,451)**	(746,380)
Closing net assets at 31 December	**4,382,881**	5,471,060	**3,303,888**	3,205,220
The Group's share of net assets	**2,191,441**	2,735,530	**1,486,750**	1,442,349
Carrying value of interest in joint ventures	**2,170,146**	2,707,768	**1,520,118**	1,472,422

23(c) INVESTMENT IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	Year ended/ as at 31 December 2023 *RMB'000*	Year ended/ as at 31 December 2022 *RMB'000*
The Group's share of (loss) profit	**(2,257)**	1,205
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive (expense) income	**(2,257)**	1,205
Aggregate carrying amount of the Group's interests in these joint	**848,922**	327,966

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Listed securities:		
– equity securities listed in the PRC	**4,925**	5,598
Unlisted securities:		
– equity securities *(Note)*	**2,861,220**	3,405,340
Total	**2,866,145**	3,410,938

Note: The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC.

The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are not held for trading purpose.

25. LONG-TERM RECEIVABLES

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Finance lease receivables	**333,051**	406,200
Total	**333,051**	406,200

The long-term receivables are neither past due nor impaired as at 31 December 2023 and 2022. The carrying amounts of long-term receivables approximate their fair values.

26. OTHER NON-CURRENT ASSETS

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Loans to the Parent Company and fellow subsidiaries *(Note (a))*	**6,767,084**	2,948,548
Prepayments for mining rights *(Note (b))*	**1,015,000**	1,015,000
Prepayments for land use rights *(Note (b))*	**390,038**	409,835
Deductible value-added tax	**265,066**	84,454
Prepayments for construction in progress and equipment	**35,923**	54,731
Prepayments for long-term investments *(Note (c))*	**22,000**	22,000
Entrusted loans *(Note (d))*	**4,435**	4,435
Others	**267,142**	306,677
Total	**8,766,688**	4,845,680

Notes:

(a) The loans to the Parent Company and fellow subsidiaries are unsecured and repayable after 12 months from the end of reporting period bearing interest at rates ranging from 2.40% to 3.80% (2022: ranging from 2.85% to 4.93%) per annum.

Included in the carrying amount of the loans to the Parent Company and fellow subsidiaries as at 31 December 2023 are accumulated credit losses of RMB118,617,000 (31 December 2022: RMB60,230,000). Details of the impairment assessment are set out in Note 48.2.

(b) As the relevant legal procedures related to mining rights licenses and land use rights are still in process, such payments are recorded as other non-current assets. These prepayments will be transferred to mining rights and land use rights respectively upon completion of related legal procedures.

(c) As at 31 December 2023, the prepayments for long-term investments amounted to RMB22,000,000 arising from the acquisition agreement. As the legal procedures required for the completion of the transaction are still in process, such payments are recorded as prepayments for long-term investments.

(d) As at 31 December 2023 and 2022, the entrusted loans are bank loans entrusted by the Company to Zhongtian Synergetic, which are repayable in full in 2025 bearing interest at 4.55% per annum.

27. INVENTORIES

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Coal	**1,107,347**	1,291,898
Machinery for sale	**4,296,363**	4,654,220
Coal-chemical products	**824,512**	866,723
Auxiliary materials, spare parts and tools	**2,506,766**	2,537,185
	8,734,988	9,350,026

The provisions for impairment of inventories of the Group amounted to RMB712,653,000 as at 31 December 2023 (31 December 2022: RMB650,123,000).

28. TRADE RECEIVABLES AND NOTES RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables *(Notes (a), (b) and (c))*	**7,116,996**	8,239,265
Notes receivables *(Notes (f))*	**375,781**	508,118
	7,492,777	8,747,383
Debt instruments at FVTOCI *(Notes (d) and (e))*	**3,309,821**	5,881,285

Notes:

(a) Trade receivables are analysed as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables:		
– Associates	**340,585**	239,872
– Joint ventures	**3,189**	36,241
– Fellow subsidiaries	**900,491**	802,454
– Associates of the Parent Company	**4,820**	325
– Third parties	**5,867,911**	7,160,373
Trade receivables, net	**7,116,996**	8,239,265

28. TRADE RECEIVABLES AND NOTES RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Notes: (continued)

(a) Trade receivables are analysed as follows: (continued)

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

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Within 6 months	**5,289,342**	6,330,707
7 months to 1 year	**448,014**	764,323
1 to 2 years	**1,059,141**	773,611
2 to 3 years	**278,909**	310,640
Over 3 years	**626,555**	819,141
Trade receivables, gross	**7,701,961**	8,998,422
Less: Allowance for credit losses	**(584,965)**	(759,157)
Trade receivables, net	**7,116,996**	8,239,265

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.

As at 31 December 2023, the Group obtained a long-term loan of RMB1,345,695,000 from the bank, with future electricity revenue contract rights as collateral in the amount of RMB138,144,000.

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.

Details of the impairment assessment of trade receivables are set out in Note 48.2.

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

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
RMB	**7,115,676**	8,210,225
United State Dollar ("USD")	**1,320**	29,040
	7,116,996	8,239,265

(c) The carrying amounts of trade receivables approximate their fair values.

(d) Debt instruments at FVTOCI are notes receivable which are considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivable are principally bank accepted notes with maturity of less than one year (31 December 2022: less than one year).

(e) As at 31 December 2023, debt instruments at FVTOCI of RMB51,362,000 (31 December 2022: RMB202,163,000) are pledged to banks for issuing notes payable amounting to RMB51,362,000 (31 December 2022: RMB162,163,000).

28. TRADE RECEIVABLES AND NOTES RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Notes: (continued)

(f) Transfers of financial assets

As at 31 December 2023, notes receivables of RMB261,652,000 (31 December 2022: RMB388,960,000) were endorsed to suppliers, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivable.

As at 31 December 2023, the Group endorsed and discounted notes receivables of RMB4,137,515,000 (31 December 2022: RMB4,439,883,000) 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 on payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of the ownership relating to these notes receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated trade payables. The maximum exposure to loss for the Group's continuing involvement, if any, in the endorsed and discounted notes receivables will be their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivables are not significant.

29. CONTRACT ASSETS

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Coal mining machinery-current	**2,336,249**	1,972,141

The provision for impairment of contract assets of the Group amounted to RMB11,008,000 as at 31 December 2023 (31 December 2022: RMB16,688,000).

The contract assets primarily relate to the Group's right to consideration for mining machinery delivered but not billed because the rights are conditional mainly on expiration of guarantee period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables in 12 months.

30. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Advances to suppliers *(Note (a))*	**2,517,657**	2,485,363
Other prepayments	**11,667**	10,909
Interest receivables	**12,957**	–
Dividend receivables	**276,543**	113,624
Loans to the Parent Company and fellow subsidiaries *(Note (b))*	**480,076**	1,025,197
Value added tax related to contract assets	**275,140**	167,158
Deductible value added tax and others	**724,937**	614,091
Other amounts due from related parties, gross *(Note (c))*	**1,242,024**	1,087,216
Other amounts due from third parties, gross *(Note (d))*	**1,086,506**	1,882,848
Less: Allowance for credit losses *(Note (e))*	**(375,873)**	(451,719)
Prepayments and other receivables, net	**6,251,634**	6,934,687

Notes:

(a) Advances to suppliers are analysed as follows:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Advances to suppliers		
– Associates	**114,763**	102,304
– Associates of the Parent Company	**–**	362,630
– Fellow subsidiaries	**408,141**	38,663
– Third parties	**1,994,753**	1,981,766
	2,517,657	2,485,363

Included in the carrying amount of advances to suppliers as at 31 December 2023 are accumulated impairment losses of RMB46,204,000 (31 December 2022: RMB47,280,000).

(b) Loans to the Parent Company and fellow subsidiaries are unsecured and repayable within 12 months from the end of reporting period bearing interest at rates ranging from 3.25% to 4.55% (2022: ranging from 2.95% to 4.93%) per annum. Included in the carrying amount of loans to the Parent Company and fellow subsidiaries as at 31 December 2023 is accumulated credit losses of RMB7,490,000 (31 December 2022: RMB15,348,000) Details of impairment assessment are set out in Note 48.2.

30. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(c) Other amounts due from related parties are analysed as follows:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Amounts due from related parties, gross		
– Associates	**907,564**	883,693
– Joint ventures	**96,732**	402
– Associates of the Parent Company	**9,015**	547
– Fellow subsidiaries	**228,713**	202,574
Less: Allowance for credit losses	**(13,646)**	(10,664)
Amounts due from related parties, net	**1,228,378**	1,076,552

Other amounts due from related parties are unsecured, interest-free and repayable on demand.

Included in the carrying amount of other amounts due from related parties as at 31 December 2023 are accumulated credit losses of RMB13,646,000 (31 December 2022: RMB10,664,000) Details of impairment assessment are set out in Note 48.2.

(d) Aging analysis of other amounts due from third parties is as follows:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Within 1 year	**632,818**	661,705
1 to 2 years	**60,621**	453,124
2 to 3 years	**11,718**	379,783
Over 3 years	**381,349**	388,236
Other amounts due from third parties, gross	**1,086,506**	1,882,848
Less: Allowance for credit losses	**(299,069)**	(368,700)
Other amounts due from third parties, net	**787,437**	1,514,148

(e) The provision for impairment mainly relates to amounts due from third parties and related parties.

Details of the impairment assessment of other receivables are set out in Note 48.2.

(f) The carrying amounts of other receivables approximate their fair values.

(g) There are no collateral for other receivables.

(h) The carrying amounts of other receivables are denominated in the following currencies:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
RMB	**2,111,988**	2,589,776
Others	**225**	235
	2,112,213	2,590,011

31. CASH AND BANK DEPOSITS

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Restricted bank deposits *(Note (a))*	**9,926,996**	9,175,006
Term deposits with initial terms of over three months *(Note (b))*	**50,032,871**	51,852,476
Cash and cash equivalents	**31,582,885**	29,998,038
– Cash on hand	**25**	62
– Deposits with banks and other financial institutions *(Note (b))*	**31,582,860**	29,997,976
	91,542,752	91,025,520

Notes:

(a) Restricted bank deposits mainly include the deposits set aside for statutory deposit reserve, the environmental restoration fund and the transformation fund as required by the regulations, the deposits set aside for land rehabilitation, letter of credit deposits, bank acceptance bill deposits, letter of guarantee deposits, litigation deposits. As at 31 December 2023, included in the restricted bank deposits were mandatory reserve deposits amounting to RMB4,688,087,000 (31 December 2022: RMB4,445,984,000) set aside in the People's Bank of China.

(b) As at 31 December 2023, the interest rates on deposits ranged from 0.20% to 2.25% (31 December 2022: 0.30% to 3.10%) per annum.

(c) Deposits and cash and cash equivalents are denominated in the following currencies:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
RMB	**91,322,351**	90,710,271
USD	**202,099**	302,122
Others	**18,302**	13,127
	91,542,752	91,025,520

Cash and bank deposits are principally RMB-denominated deposits placed with banks in the PRC. The conversion of RMB-denominated deposits into foreign currencies and remittance out of the PRC is subject to certain PRC rules and regulations of foreign exchange control promulgated by the PRC government.

(d) The carrying amounts of bank deposits approximate their fair values.

32. TRADE AND NOTES PAYABLES

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Trade payables *(Note (a))*	**23,892,446**	23,319,776
Notes payables	**2,845,413**	2,101,078
	26,737,859	25,420,854

Notes:

(a) Trade payables are analysed as follows:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Trade payables		
– Fellow subsidiaries	**4,242,251**	4,370,584
– Joint venture	**98,373**	–
– Associates	**399,008**	286,138
– Associates of the Parent Company	**99,274**	47,240
– Third parties	**19,053,540**	18,615,814
	23,892,446	23,319,776

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 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Less than 1 year	**21,060,993**	20,235,004
1 to 2 years	**1,325,907**	1,234,426
2 to 3 years	**372,389**	612,110
Over 3 years	**1,133,157**	1,238,236
	23,892,446	23,319,776

32. TRADE AND NOTES PAYABLES (CONTINUED)

Notes: (continued)

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

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
RMB	**26,735,262**	25,418,300
USD	**2,597**	2,554
	26,737,859	25,420,854

(c) The carrying amounts of trade and notes payables approximate their fair values.

(d) As at 31 December 2023, debt instruments at FVTOCI with an amount of RMB51,362,000 (31 December 2022: RMB202,163,000) are pledged to banks for issuing notes payables amounting to RMB51,362,000 (31 December 2022: RMB162,163,000) (Note 28 (e)).

33. CONTRACT LIABILITIES

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Coal	**3,448,104**	4,681,711
Coal-chemical products	**378,058**	549,998
Mining machinery	**1,164,392**	929,679
Other	**49,667**	75,431
	5,040,221	6,236,819

33. CONTRACT LIABILITIES (CONTINUED)

The following table shows how much of the revenue recognised relates to carried – forward contract liabilities:

	Coal *RMB'000*	**Coal-chemical products** *RMB'000*	**Mining machinery** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2023				
Revenue recognised that was included in the contract liability balance at the beginning of the year	**4,641,487**	**537,098**	**756,969**	**5,935,554**

	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022				
Revenue recognised that was included in the contract liability balance at the beginning of the year	4,134,254	482,415	410,297	5,026,966

There is no revenue recognised from the performance obligation satisfied in prior periods.

33. CONTRACT LIABILITIES (CONTINUED)

The closing balance as at 31 December 2023 is expected to be settled in the following years:

	31 December 2023
	RMB'000
2024	**4,802,688**
2025	**165,543**
On or for 2026	**71,990**
	5,040,221

For the coal and coal-chemical products, the Group received certain amount in advance before delivery of goods which is accounted for as contract liabilities. When the control of coal and coal-chemical products transfers, as detailed in Note 8, the previously recognised contract liabilities are recognised as revenue.

For the mining machinery, the Group usually receives 30% of the contract amount in advance before delivery of the goods which is accounted for as contract liabilities. When the mining machinery is delivered to the customers, the previously recognised contract liabilities are recognised as revenue.

34. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Payables for acquisition of subsidiaries *(Note (a))*	**607,029**	602,866
Payable for compensation for local mining companies	**9,740**	43,116
Dividends payable	**66,505**	2,175,857
Payables for site restoration	**138,211**	137,645
Water resource compensation payable	**117,844**	247,470
Salaries and staff welfare payable	**5,549,366**	5,087,986
Interest payable	**33,368**	32,801
Commission payable	**5,000**	13,333
Payables for mining rights	**86,314**	181,569
Payables for the transfer of mining rights *(Note 41)*	**295,344**	179,476
Advance from a non-controlling interest of a subsidiary	**20,282**	89,419
Contractors' deposits	**617,028**	932,152
Deposits from the Parent Company and fellow subsidiaries *(Note (b))*	**29,563,188**	21,981,286
Other amounts due to related parties *(Note (c))*	**730,163**	668,948
Other amounts due to third parties	**2,740,042**	2,655,028
Other tax payable	**2,056,472**	2,256,977
	42,635,896	37,285,929

Notes:

(a) As at 31 December 2023, an amount of RMB286,216,000 (including current portion of long-term payables amounting to RMB286,216,000) was arising from payables for acquisition of a subsidiary in 2020.

(b) The balance represents the deposits from the Parent Company and fellow subsidiaries in the savings accounts at Finance Company. The deposits are unsecured and payable on demand or due within 12 month from the end of the reporting period, bearing interest at rates ranging from 0.1% to 3.15% (2022: 0.35% to 3.15%) per annum.

34. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes: (continued)

(c) Other amounts due to related parties are analysed below:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Amounts due to related parties, gross		
– The Parent Company	**81,076**	36,754
– Fellow subsidiaries	**606,783**	581,954
– Associates of the Parent Company	**19,564**	45,410
– Associates	**21,785**	4,871
– Joint ventures	**955**	(41)
	730,163	668,948

Amounts due to related parties are unsecured, interest-free and payable on demand.

(d) The carrying amounts of advance and other payables approximate their fair values.

(e) The carrying amounts of advances and other payables are denominated in the following currencies:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
RMB	**42,635,648**	37,285,927
Others	**248**	2
	42,635,896	37,285,929

35. LEASE LIABILITIES

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Lease liabilities payable:		
– Within one year	**107,106**	73,291
– Within a period of more than one year but not exceeding two years	**90,804**	20,662
– Within a period of more than two years but not exceeding five years	**295,255**	135,208
– Within a period of more than five years	**330,031**	216,590
	823,196	445,751
Less: Amount due for settlement with 12 months shown under current liabilities	**(107,106)**	(73,291)
Amount due for settlement after 12 months shown under non-current liabilities	**716,090**	372,460

36. BORROWINGS

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (d))*	**121,000**	172,098
– Unsecured	**1,600**	109,292
Subtotal	**122,600**	281,390
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (d))*	**399,692**	750,532
– Pledged loan *(Note 28)*	**1,345,695**	1,839,943
– Unsecured	**56,924,427**	66,435,975
Subtotal	**58,669,814**	69,026,450
Loans from non-controlling interests		
– Unsecured	**182,122**	1,450,900
Loans from the Parent Company		
– Unsecured	**405,725**	748,065
Total	**59,257,661**	71,225,415
Less: Amount due within one year shown under current liabilities	**(16,482,683)**	(30,891,551)
Non-current portion	**42,774,978**	40,333,864
Total short-term and long-term borrowings	**59,380,261**	71,506,805

36. BORROWINGS (CONTINUED)

Notes:

(a) The Group's long-term borrowings were repayable as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Bank loans and loans from other financial institutions		
– Within one year	**16,300,561**	29,519,912
– Between one and two years	**7,871,470**	18,131,505
– Between two and five years	**24,406,273**	14,823,983
– Over five years	**10,091,510**	6,551,050
	58,669,814	69,026,450
Loans from non-controlling interests and Parent Company		
– Within one year	**96,328**	1,371,640
– Between one and two years	**491,519**	79,260
– Between two and five years	**–**	748,065
	587,847	2,198,965

(b) The exposures of the Group's borrowings are as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Fixed-rate borrowings	**2,122,853**	4,943,141
Variable-rate borrowings	**57,257,408**	66,563,664
	59,380,261	71,506,805

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December 2023	As at 31 December 2022
Fixed – rate borrowings	**2.30% to 5.22%**	2.50% to 4.65%
Variable – rate borrowings	**2.00% to 5.53%**	2.45% to 6.38%

(c) As at 31 December 2023 and 2022, all borrowings were denominated in RMB.

(d) The secured borrowings are as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Secured by:		
– Property, plant and equipment	**425,019**	869,630
– Land use rights	**95,673**	53,000
	520,692	922,630

37. LONG-TERM BONDS

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Bonds payable:		
– medium-term notes	**10,226,792**	9,966,534
– corporate bonds	**3,084,334**	4,560,498
Commission payable	**12,001**	25,334
	13,323,127	14,552,366
Less: Current portion of bonds payable	**5,325,108**	1,561,811
Current portion of commission payable	**5,000**	13,333
Non-current portion	**7,993,019**	12,977,222

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

37. LONG-TERM BONDS (CONTINUED)

Notes:

(a) On 19 July 2019, the Company issued 50,000,000 medium-term notes with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The notes are fully repayable on 19 July 2024 when they become due. These notes carry a coupon rate of 4.19% per annum and the interest charge will be paid on 23 July annually in each of the following seven years. The effective interest rate is 4.40% per annum. As at 31 December 2023, the remaining balance from the unexercised rights of redemption was reclassified to current liabilities.

In addition, the Company is obliged to pay RMB50,000,000 to the underwriter as the underwriting commission which is payable in five instalments. First instalment of RMB16,666,667 was paid on 23 July 2019, and the following four instalments of RMB8,333,333 each is payable on 23 July in each of the following four years.

(b) On 18 March 2020, the Company issued 30,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB2,997,170,000 after deducting the underwriting commission of RMB2,830,000. These bonds carry a coupon rate of 3.60% per annum with terms of 5 years, and the interest charge will be paid on 18 March annually. The effective interest rate is 3.62% per annum.

(c) On 9 April 2020, the Company issued 15,000,000 medium-term notes with a par value of RMB100 each and received a total proceeds of RMB1,500,000,000. The notes are fully repayable on 13 April 2025 when they become due. These notes carry a coupon rate of 3.28% per annum and the interest charge will be paid on 13 April annually in each of the following five years. The effective interest rate is 3.38% per annum.

In addition, the Company is obliged to pay RMB7,500,000 to the underwriter as the underwriting commission, which is payable in five instalments of RMB1,500,000 annually. As agreed with the underwriter, the first instalment of RMB1,500,000 was paid on 13 April 2020 when the transaction was completed and the same amount is payable on 13 April in each of the following four years.

(d) On 9 April 2020, the Company issued 5,000,000 medium-term notes with a par value of RMB100 each and received a total proceeds of RMB500,000,000. The notes are fully repayable on 9 April 2027 when they become due. These notes carry a coupon rate of 3.60% per annum and the interest charge will be paid on 13 April annually in each of the following seven years. The effective interest rate is 3.70% per annum.

In addition, the Company is obliged to pay RMB3,500,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB500,000 annually. As agreed with the underwriter, the first instalment of RMB500,000 was paid on 13 April 2020 when the transaction was completed and the same amount is payable on 13 April in each of the following six years.

(e) On 22 April 2021, the Company issued 30,000,000 medium-term notes with a par value of RMB100 each and received a total proceeds of RMB3,000,000,000. The notes are fully repayable on 22 April 2026 when they become due. These notes carry a coupon rate of 4.00% per annum and the interest charge will be paid on 26 April annually in each of the following five years. The effective interest rate is 4.10% per annum.

In addition, the Company is obliged to pay RMB15,000,000 to the underwriter as the underwriting commission, which is payable in five instalments of RMB3,000,000 annually. As agreed with the underwriter, the first instalment of RMB3,000,000 was paid on 25 July 2021, when the transaction was completed and the same amount is payable on 25 July in each of the following four years.

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Interest payable for long-term bonds	**330,215**	362,150

38. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000* (Restated)
Deferred tax assets	**2,560,735**	2,356,158
Deferred tax liabilities	**(4,661,399)**	(4,416,997)
	(2,100,664)	(2,060,839)

The gross movements on the Group's deferred tax are as follows:

	2023 *RMB'000*	2022 *RMB'000* (Restated)
Beginning of the year	**(2,060,839)**	(3,131,975)
Disposals of subsidiaries	**(233,443)**	–
Credited to profit or loss *(Note 15)*	**105,248**	1,829,485
Acquisition of subsidiaries	**–**	(542,220)
Credited to other comprehensive income *(Note 15)*	**36,184**	(216,129)
Others	**52,186**	–
End of the year	**(2,100,664)**	(2,060,839)

38. DEFERRED TAX (CONTINUED)

Deferred tax assets are recognised for the carryforward of tax losses and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred tax assets in respect of certain subsidiaries' accumulated tax losses of RMB7,442,207,000 (2022: RMB6,253,225,000) and deductible temporary differences of RMB7,214,577,000 (2022: RMB7,370,082,000) as at 31 December 2023. The accumulated tax losses will expire between 2024 and 2028 (2022: between 2023 and 2027). The Group did not recognise these deferred tax assets as management believes that it is more likely than not that such tax losses and deductible temporary differences would not be utilised in the foreseeable future.

Tax losses that have not been recognised as deferred tax assets will expire in the following years:

	As at 31 December 2023 *RMB'000*	**As at** 31 December 2022 *RMB'000*
2023	**–**	236,147
2024	**2,016,936**	2,062,030
2025	**1,711,037**	1,712,142
2026	**2,087,653**	2,087,653
2027	**155,253**	155,253
2028	**1,471,328**	–
	7,442,207	6,253,225

38. DEFERRED TAX (CONTINUED)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Trial production	Unrealised profit	Tax losses	Amortisation	Impairment of assets	Deductible temporary differences arising from investments in subsidiaries	Accrued expenses	Fair value adjustments on debt instruments at FVTOCI	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	71,213	818,325	486,990	131,735	665,316	156,820	516,194	11,659	513,045	3,371,297
Effect of Application of Amendments to IAS 12	–	–	–	–	–	–	–	–	685,434	685,434
At 1 January 2022 (Restated)	71,213	818,325	486,990	131,735	665,316	156,820	516,194	11,659	1,198,479	4,056,731
(Charged) Credited to profit or loss (Restated)	918	43,343	(375,539)	6,338	218,397	(98,543)	302,735	–	248,858	346,507
Charged to other comprehensive income	–	–	–	–	–	–	–	(5,010)	138	(4,872)
At 31 December 2022 (Restated)	72,131	861,668	111,451	138,073	883,713	58,277	818,929	6,649	1,447,475	4,398,366
(Charged) Credited to profit or loss	**(37,707)**	**7,967**	**(39,012)**	**1,713**	**49,099**	**–**	**145,654**	**–**	**178,306**	**306,020**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,526)**	**(1,088)**	**(4,614)**
Disposals of subsidiaries	**–**	**–**	**–**	**–**	**(18,651)**	**–**	**–**	**–**	**(219,211)**	**(237,862)**
Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(279)**	**(279)**
At 31 December 2023	**34,424**	**869,635**	**72,439**	**139,786**	**914,161**	**58,277**	**964,583**	**3,123**	**1,405,203**	**4,461,631**

38. DEFERRED TAX (CONTINUED)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows: (continued)

Deferred tax liabilities:

	Depreciation	Mining funds (Note)	Fair value adjustments not deductible for tax purpose	Fair value adjustments for acquisition of subsidiaries	Fair value adjustments for equity instruments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	(375,033)	(505,988)	(5,655,600)	–	(55,288)	–	(6,591,909)
Effect of Application of Amendments to IAS 12	–	–	–	–	–	(596,797)	(596,797)
At 1 January 2022 (Restated)	(375,033)	(505,988)	(5,655,600)	–	(55,288)	(596,797)	(7,188,706)
(Charged) credited to profit or loss (Restated)	(29,600)	15,536	1,689,835	–	–	(192,793)	1,482,978
Acquisition of subsidiaries	–	–	–	(542,220)	–	–	(542,220)
Charged to other comprehensive income	–	–	–	–	(211,257)	–	(211,257)
At 31 December 2022 (Restated)	(404,633)	(490,452)	(3,965,765)	(542,220)	(266,545)	(789,590)	(6,459,205)
(Charged) credited to profit or loss	**(43,021)**	**7,092**	**68,153**	**–**	**–**	**(232,996)**	**(200,772)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**40,798**	**–**	**40,798**
Disposals of subsidiaries	**–**	**–**	**4,419**	**–**	**–**	**–**	**4,419**
Others	**–**	**–**	**–**	**–**	**52,465**	**–**	**52,465**
At 31 December 2023	**(447,654)**	**(483,360)**	**(3,893,193)**	**(542,220)**	**(173,282)**	**(1,022,586)**	**(6,562,295)**

Note:

Pursuant to certain regulations of the PRC government, the Group is required to set aside amounts for the future development fund (Note 43 (b)), safety fund (Note 43 (c)), transformation and environmental restoration fund (Note 43 (d) (i)) and sustainable development fund (Note 43 (d) (ii)), collectively the "mining funds". Up to 30 April 2011, for those amounts that are deductible for tax purposes when they are set aside but are expensed when they are utilised for accounting purpose, a deferred tax liability is recorded for the temporary differences in respect of the excess of the amount of funds deducted for tax purposes.

According to a new PRC tax regulation effective from 1 May 2011, future development funds and safety funds are no longer tax deductible when they are set side but only tax deductible when they are utilised. As such, no additional deferred tax liability will be generated for these mining funds from 1 May 2011 onwards.

39. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	2023	2022
	RMB'000	*RMB'000*
Beginning of the year	**5,179,936**	3,650,759
Interest charge on unwinding of discounts	**162,098**	160,452
Provision	**1,083,065**	1,559,551
Payments	**(494,638)**	(190,826)
End of the year	**5,930,461**	5,179,936
Less: current portion	**(80,942)**	(38,723)
Non-current portion	**5,849,519**	5,141,213

40. DEFERRED REVENUE

Deferred revenue mainly consists of the government grants, which are recognised in profit or loss according to the depreciable periods of the related assets and the periods in which the related costs incurred or the grants are intended to compensate. Government grants of RMB89,100,000 (2022: RMB49,371,000) have been received in the current year.

41. OTHER LONG-TERM LIABILITIES

	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
Payables for mining rights *(Note (a))*	**1,079,338**	1,162,409
Payables for the transfer of mining rights *(Note (b))*	**4,187,658**	2,587,695
Payables for the acquisition of subsidiaries *(Note (c))*	**685,133**	1,064,081
Others	**33,126**	39,499
	5,985,255	4,853,684
Less: Current portion of payables for mining rights	**(66,185)**	(128,808)
Current portion of payables for the transfer of mining rights *(Note 34)*	**(295,344)**	(179,476)
Current portion of payables for the acquisition of subsidiaries	**(286,216)**	(286,216)
	5,337,510	4,259,184

41. OTHER LONG-TERM LIABILITIES (CONTINUED)

Notes:

(a) The payables for mining rights are mainly the unpaid balances of the consideration for purchasing mining rights. According to relevant purchase agreements, considerations are paid by instalment. The current portion of the payables is included in accruals, advances and other payables (Note 34).

(b) According to the laws and regulations and documents of the *Notice of the Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights* (Cai Zong [2017] No. 35) and the *Notice of the Ministry of Finance and the Ministry of Land and Resources of Inner Mongolia Autonomous Region on Issuing the Administrative Implementation Measures on the Collection of Income from Transfer of Mining Rights of Inner Mongolia Autonomous Region* (Nei Cai Fei Shui Gui [2017] No. 24), a subsidiary of the Group entered into the mining rights transfer contract with the Ministry of Land and Resources of Inner Mongolia Autonomous Region. The total amount of the mining rights transfer contract is RMB4,272,294,000, which shall be paid annually within the effective period of mining rights and RMB95,399,000 that will be paid within one year is included in other payables (Note 34).

According to the laws and regulations and documents of the Notice of the Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights (Cai Zong [2017] No. 35) and the Notice of the Ministry of Finance and the Ministry of Land and Resources of Inner Mongolia Autonomous Region on Issuing the Administrative Implementation Measures on the Collection of Income from Transfer of Mining Rights of Inner Mongolia Autonomous Region (Nei Cai Fei Shui Gui [2017] No. 24), a subsidiary of the Group entered into the mining rights transfer contract with the Natural Resources Department of Ordos. The total amount of the mining rights transfer contract is RMB3,388,697,000, which shall be paid annually within the effective period of mining rights and RMB126,725,000 that will be paid within one year is included in other payables (Note 34).

According to the laws and regulations and documents of the *Notice of the Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights* (Cai Zong [2017] No. 35) and the *Notice of the general office of the Party committee of the Autonomous Region and the general office of the people's Government of the autonomous region on Issuing the Implementation Plan for the Pilot Work of the Reform of the Transfer System of Mining Right of the Autonomous Region* (Xin Dang Ting Zi [2018] No. 57), a subsidiary of the Group entered into the mining rights transfer contract with the Natural Resources Department of Xinjiang Uygur Autonomous Region. The total amount of the mining rights transfer contract is RMB1,068,223,000, which shall be paid annually within the effective period of mining rights and RMB58,350,000 that will be paid within one year is included in other payables (Note 34).

According to relevant laws and regulations and documents of *the Notice of Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights* (Cai Zong [2017] No.35), *Interim Measures for the Implementation of the Administration of Collection of Mining Right Transfer Income in Heilongjiang Province* (Hei Cai Gui Shen [2019] No.6), the subsidiary of the Company signed the mining right transfer contract with Heilongjiang Provincial Department of Natural Resources this year. The contract value of the mining right transfer income is RMB539,384,000 in total, which shall be paid annually within the validity period of the mining right and listed as a long-term payable. Among them, the total amount of RMB14,870,000 to be paid within one year is listed in other payables (Note 34).

(c) Payable for the acquisition of subsidiaries was arising from the acquisition of a subsidiary in 2020.

42. SHARE CAPITAL

	Number of shares *(thousands)*	Share capital *RMB'000*
At 31 December 2023:		
Domestic shares ("A shares") of RMB1.00 each		
– held by China Coal Group	**7,606,744**	**7,606,744**
– held by other shareholders	**1,545,256**	**1,545,256**
H shares of RMB1.00 each		
– held by a wholly-owned subsidiary of China Coal Group	**132,351**	**132,351**
– held by other shareholders	**3,974,312**	**3,974,312**
	13,258,663	**13,258,663**

	Number of shares *(thousands)*	Share capital *RMB'000*
At 1 January 2022, 31 December 2022:		
Domestic shares ("A shares") of RMB1.00 each		
– held by China Coal Group	7,605,208	7,605,208
– held by other shareholders	1,546,792	1,546,792
H shares of RMB1.00 each		
– held by a wholly-owned subsidiary of China Coal Group	132,351	132,351
– held by other shareholders	3,974,312	3,974,312
	13,258,663	13,258,663

During 2023, the Group traded through centralized bidding through the Shanghai Stock Exchange, increased its holdings of 1,536,100 A shares of the Group, accounting for approximately 0.01% of the Company's total shares.

Notes:

(a) The A Shares rank pari passu, in all material respects, with the H Shares.

(b) As at 31 December 2023 and 2022, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H Shares of the Company, representing approximately 1.00% of the Company's total share capital.

43. 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 2021 as previously reported (Restated)	31,685,801	5,518,104	582,543	2,286,884	2,844,039	72,510	(89,870)	6,351,778	51,599,022	100,850,811
Effect of adoption of amendments to IAS 12 *(Note 3(c))*	–	–	–	–	–	–	–	–	81,799	81,799
At 1 January 2022 (Restated)	31,685,801	5,518,104	582,543	2,286,884	2,844,039	72,510	(89,870)	6,351,778	51,680,821	100,932,610
Profit for the year (Restated)	–	–	–	–	–	–	–	–	19,737,989	19,737,989
Other comprehensive income (expense), net of tax	–	–	–	–	–	–	4,396	709,250	–	713,646
Appropriations	–	610,507	518,422	696,112	573,693	(6,338)	–	–	(2,392,396)	–
Share of other changes of reserves of associates and joint ventures	–	–	–	–	–	–	–	340,310	(230,042)	110,268
Acquisition of a subsidiaries under common control in 2022	(135,677)	–	–	–	–	–	–	–	–	(135,677)
Dividends	–	–	–	–	–	–	–	–	(4,000,797)	(4,000,797)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	–	–	–	(11,379)	8,534	(2,845)
Others	–	–	–	–	–	–	–	276	(29)	247
At 31 December 2022 (Restated)	31,550,124	6,128,611	1,100,965	2,982,996	3,417,732	66,172	(85,474)	7,390,235	64,804,080	117,355,441
At 31 December 2022 as previously reported	31,550,124	6,128,611	1,100,965	2,982,996	3,417,732	66,172	(85,474)	7,390,235	64,703,761	117,255,122
Effect of adoption of amendments to IAS 12 *(Note 3(c))*	–	–	–	–	–	–	–	–	100,319	100,319
At 1 January 2023 (Restated)	**31,550,124**	**6,128,611**	**1,100,965**	**2,982,996**	**3,417,732**	**66,172**	**(85,474)**	**7,390,235**	**64,804,080**	**117,355,441**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20,183,598**	**20,183,598**
Other comprehensive income (expense), net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**7,835**	**(478,058)**	**–**	**(470,223)**
Appropriations	**–**	**495,475**	**167,047**	**272,703**	**192,494**	**(12,156)**	**–**	**–**	**(1,115,563)**	**–**
Share of other changes of reserves of associates and joint ventures	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**193,847**	**(184,433)**	**9,414**
Contributions from and transactions within non-controlling interests *(Note 23(a))*	**–**	**–**	**–**	**(34,445)**	**(62,349)**	**–**	**–**	**–**	**(934,364)**	**(1,031,158)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,475,828)**	**(5,475,828)**
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**43,865**	**(43,865)**	**–**
Others	**–**	**5,246**	**–**	**–**	**–**	**–**	**–**	**–**	**47,221**	**52,467**
At 31 December 2023	**31,550,124**	**6,629,332**	**1,268,012**	**3,221,254**	**3,547,877**	**54,016**	**(77,639)**	**7,149,889**	**77,280,846**	**130,623,711**

43. RESERVES AND RETAINED EARNINGS (CONTINUED)

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 RMB5 to RMB50 per ton of raw coal mined. The subsidiaries of the Company which are engaged in coal-chemical, machinery manufacturing, electricity 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 fund will be specifically utilised for the transformation costs of the coal mine industry and for the land restoration and environmental cost, and are 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.

44. DISPOSAL OF SUBSIDIARIES

(a) China National Coal Mining Equipment Co., Ltd., a wholly-owned subsidiary of the Company, has reached a consensus in shareholders' resolution of Shijiazhuang Coal Mining Machinery Co., Ltd in 2023 with Jizhong Energy Machinery and Equipment Group Co., Ltd. that China National Coal Mining Equipment Co., Ltd. no longer controls Shijiazhuang Coal Mining Machinery Co., Ltd. which is treated as a joint venture (Disposal I).

The Disposal I was completed on 31 December 2023 and a gain of RMB4,852,000 was recognised by the Group upon the completion of the Disposal I.

	As at 31 December 2023 ***RMB'000***
Property, plant and equipment	**501,014**
Intangible assets	**591**
Land use rights	**105,137**
Deferred income tax assets	**226,880**
Inventories	**594,613**
Trade and notes receivables	**562,693**
Debt instruments at fair value through other comprehensive income	**65,456**
Contract assets	**101,071**
Prepayments and other receivables	**574,954**
Cash and cash equivalents	**117,359**
Trade and notes payable	**(605,270)**
Contract liabilities	**(26,009)**
Accruals and other payables	**(227,043)**
Tax payable	**(214,289)**
Short-term borrowings	**(30,000)**
Deferred revenue	**(1,113,301)**
Other long term liabilities	**(4)**
Non-controlling interests	**321,552**
	312,300
Recognition of interest in a joint venture	**317,152**
Gain on disposal of a subsidiary	**4,852**

44. DISPOSAL OF A SUBSIDIARY (CONTINUED)

(a) (continued)

An analysis of the net outflow of cash and cash equivalents in respect of Disposal I is as follows:

	2023
	RMB'000
Cash consideration	–
Cash and bank balances disposed of a subsidiary	**117,359**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**117,359**

(b) China Coal Zhangjiakou Coal Mining Machinery CO., Ltd., a subsidiary of the China National Coal Mining Equipment Co., Ltd., a wholly-owned subsidiary of the Company, has reached a consensus in shareholders' resolution of Fushun Coal Mine Motor Manufacturing Co., Ltd. in 2023 with Liaoning Electric Machine Group Co., Ltd. that China Coal Zhangjiakou Coal Mining Machinery CO., Ltd. no longer controls Fushun Coal Mine Motor Manufacturing Co., Ltd. which is treated as a joint venture (Disposal II).

44. DISPOSAL OF A SUBSIDIARY (CONTINUED)

(b) (continued)

The Disposal II was completed on 31 December 2023 and a gain of RMB1,322,000 was recognised by the Group upon the completion of the Disposal.

	As at 31 December 2023 *RMB'000*
Property, plant and equipment	**138,327**
Intangible assets	**831**
Land use rights	**3,595**
Deferred income tax assets	**9,135**
Inventories	**377,701**
Trade and notes receivables	**388,294**
Debt instruments at fair value through other comprehensive income	**59,800**
Prepayments and other receivables	**238,877**
Cash and bank balances	**35,274**
Trade and notes payable	**(203,161)**
Contract liabilities	**(18,544)**
Accruals and other payables	**(517,227)**
Taxes payable	**(848)**
Short-term borrowings	**(53,000)**
Deferred revenue	**(13,000)**
Non-controlling interests	**240,916**
	205,138
Recognition of interest in a joint venture	**206,460**
Gain on disposal of a subsidiary	**1,322**

An analysis of the net outflow of cash and cash equivalents in respect of Disposal II is as follows:

	2023 *RMB'000*
Cash consideration	**–**
Cash and bank balances disposed of a subsidiary	**35,274**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**35,274**

45. CONTINGENT LIABILITIES

During the years 2010 and 2011, the Company made a number of acquisitions in Yinhe Hongtai in the open market and then it becomes a subsidiary. In 2021, Wushenqi State-owned Assets Investment and Management Co., LTD. ("Wushenqi") launched claims to Yinhe Hongtai, for the contract entered on 26 July, 2007 for the transfer of relevant mining right to Yinhe Hongtai. Wushenqi claimed that contract was invalid as this transfer of mining right violated the relevant rules and regulations of the Inner Mongolia Autonomous Region while it was 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 owner of the entity.

In mid-January 2022, Ordos Intermediate People's Court made the first instance judgment on this case, and ordered Yinhe Hongtai to pay for the under-paid transfer price. In October 2023, Yinhe Hongtai received a remanded second instance judgment of affirmance.

The Company is in the process of negotiating with Wushenqi regarding the above contractual disputes on the transfer of mining rights as well as the specific settlement of the court judgment, which has yet to be clarified as to the specific settlement and the financial impact on the Company.The Company will continue to monitor the latest developments in these litigations to assess the possible implications.

46. CASH GENERATED

46.1 Reconciliation of profit before income tax to cash generated from operations

	2023	2022
	RMB'000	*RMB'000*
Profit before income tax	**33,695,386**	34,583,129
Adjustments for:		
Depreciation charge	**9,644,538**	9,524,085
Amortisation charge	**1,595,045**	1,067,378
Provision for impairment of property, plant and Equipment	**182,065**	1,948,616
(Reversal) provision for impairment of prepayments	**825**	(4,618)
Provision for impairment of other non-current assets	**–**	17,611
Provision for impairment of inventories	**94,705**	31,885
Provision for impairment of mining rights	**–**	6,758,503
Provision for impairment of investments in associates	**–**	47,460
Impairment loss, net of reversal		
– Receivables	**14,952**	204,192
– Loans to the Parent Company and fellow subsidiaries	**53,339**	6,514
– Contract assets	**7,009**	1,707
– Debt instruments at FVTOCI	**(6,679)**	5,621
– Other	**(120)**	134
Net losses on disposals of property, plant and equipment, land use rights and intangible assets	**18,614**	4,758
Share of profits of associates and joint ventures	**(3,176,197)**	(5,010,429)
Effect of foreign exchange rate changes	**25,163**	(1,510)
Gain on disposal of subsidiaries and investments in associates and joint ventures	**(6,174)**	(252,235)
Interest income on term deposits with initial terms of over three months and loans to joint ventures and associates	**(69,942)**	(110,329)
Interest expense	**3,008,513**	3,806,473
Dividend income	**(3,415)**	(2,742)
Operating cash flows before movement in working capital	**45,077,627**	52,626,203
Changes in working capital:		
Increase in inventories	**(753,083)**	(1,028,216)
Decrease (increase) in trade receivables and debt instruments at FVTOCI	**598,953**	(1,469,480)
(Increase) decrease in contract assets	**(472,188)**	227,792
(Increase) decrease in prepayments and other receivables	**(1,354,192)**	41,967
Increase in restricted bank deposits	**(751,990)**	(3,024,276)
Increase (decrease) in trade and notes payables	**1,494,152**	(753,401)
(Decrease) increase in contract liabilities	**(1,152,044)**	761,459
Increase in accruals, advances and other payables	**9,151,889**	5,608,593
Cash generated from operations	**51,839,124**	52,990,641

46. CASH GENERATED (CONTINUED)

46.2 Reconciliation of liabilities arising from financing activities

The table below details major changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Bonds	Other payables	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 36)	*(Note 37)*	*(Note a)*	*(Note 35)*	
At 1 January 2022	73,095,072	24,237,161	1,374,172	493,773	99,200,178
New bonds and borrowings	12,420,113	–	–	–	12,420,113
Repayment of bonds and borrowings	(16,199,557)	(10,063,267)	–	–	(26,262,824)
Acquisition of subsidiaries	492,852	–	157,611	–	650,463
Disposal of subsidiaries	(22,000)	–	–	–	(22,000)
Dividend and interest paid	–	–	(8,254,536)	–	(8,254,536)
Bonds commission fee paid	–	–	(13,333)	–	(13,333)
Finance costs	–	16,320	5,072,809	22,578	5,111,707
Dividend declared	–	–	5,960,517	–	5,960,517
Repayments of leases liabilities	–	–	–	(94,818)	(94,818)
Addition of lease liabilities	–	–	–	24,218	24,218
Transfer	1,720,325	348,819	(2,069,144)	–	–
Others	–	–	(8,975)	–	(8,975)
At 31 December 2022	71,506,805	14,539,033	2,219,121	445,751	88,710,710
New bonds and borrowings	**21,638,862**	**–**	**–**	**–**	**21,638,862**
Repayment of bonds and borrowings	**(33,661,585)**	**(1,200,000)**	**–**	**–**	**(34,861,585)**
Disposal of subsidiaries	**(83,000)**	**–**	**(227,485)**	**–**	**(310,485)**
Dividend and interest paid	**(3,246,423)**	**(31,596)**	**(9,862,876)**	**–**	**(13,140,895)**
Bonds commission fee paid	**–**	**–**	**(13,333)**	**–**	**(13,333)**
Finance costs	**3,303,495**	**15,690**	**567**	**36,560**	**3,356,312**
Dividend declared	**–**	**–**	**8,031,009**	**–**	**8,031,009**
Repayments of leases liabilities	**–**	**–**	**–**	**(164,923)**	**(164,923)**
Addition of lease liabilities	**–**	**–**	**–**	**505,808**	**505,808**
Transfer	**–**	**(5,000)**	**5,000**	**–**	**–**
Others	**(77,893)**	**–**	**(50,000)**	**–**	**(127,893)**
At 31 December 2023	**59,380,261**	**13,318,127**	**102,003**	**823,196**	**73,623,587**

46. CASH GENERATED (CONTINUED)

46.2 Reconciliation of liabilities arising from financing activities (continued)

Notes:

(a) Amount mainly represented dividends payable, interest payable and current portion of bonds commission fee payable.

(b) Major non-cash transactions

The major non-cash transactions for the years ended 31 December 2023 and 2022 include:

The Group endorsed bank acceptance notes amounting to RMB820,955,000 (2022: RMB334,080,000) to settle the payables for the purchase of property, plant and equipment during the year.

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB505,808,000 (2022: RMB24,218,000), respectively, in respect of lease arrangements.

47. FINANCIAL GUARANTEE CONTRACTS

The Group has guaranteed the bank loans of a related party 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, face value and credit risk of the liabilities guaranteed were as follows:

	Year of maturity	As at 31 December 2023 Face value *RMB'000*	As at 31 December 2022 Face value *RMB'000*
Bank loans of:			
– Related parties *(Note 51)*	2035	**1,074,066**	1,248,639
– Third party *(Note)*	2045	**314,200**	334,000
Total		**1,388,266**	1,582,639

Note: The third party refer to Shaanxi Jingshen Railway Company Limited ("Shaanxi Jingshen"), which is accounted for as equity instruments at fair value through other comprehensive income by the Group.

48. FINANCIAL RISK MANAGEMENT

48.1 Categories of financial instruments

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Finance Assets		
Equity instruments at FVTOCI	**2,866,145**	3,410,938
Debt instruments at FVTOCI	**3,309,821**	5,881,285
Financial assets at amortised cost		
– Trade, Notes and other receivables excluding prepayments	**9,604,990**	11,337,394
– Loans to the Parent Company and fellow subsidiaries	**7,239,670**	3,958,397
– Restricted bank deposits and term deposits over three months	**59,959,867**	61,027,482
– Cash and cash equivalents	**31,582,885**	29,998,038
– Entrusted loans	**4,435**	4,435
Total	**114,567,813**	115,617,969

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Finance Liabilities		
Financial liabilities at amortised cost		
– Borrowings	**59,380,261**	71,506,805
– Bonds	**13,323,127**	14,552,366
– Trade and other payables	**61,650,598**	54,587,703
– Other long-term liabilities	**5,266,996**	3,750,104
Total	**139,620,982**	144,396,978

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies

Financial risk factors

The Group's activities expose itself to a variety of financial risks including market risk (consisting of foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

The Group's operations (such as export sales, imports of machinery and equipment, foreign currency deposits (Note 31 (c)), trade receivables (Note 28 (b)) and trade and notes payables (Note 32 (b)) expose itself to currency risk arising from various currency exposures primarily with respect to the USD.

The Group currently has not used any derivative instruments to hedge exchange rate of USD. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. If USD had appreciated/depreciated by 10% against RMB, the Group's post-tax profit for 2023 would have increased/decreased by RMB14,644,000(2022: RMB21,772,000), with all other variables held constant.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from long-term borrowings and long-term bonds. Borrowings at variable rates expose the Group to cash flow interest-rate risk while borrowings and long-term bonds at fixed rates expose the Group to fair value interest-rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. The Group currently has not used any financial instruments to hedge potential fluctuations in interest rates.

Other than those mentioned above, the Group's income and operating cash flows are substantially independent of changes in the market interest rates.

If interest rates on borrowings at variable rates had been 50 basis points (2022: 50 basis points) higher/lower with all other variables held constant, post-tax profit for 2023 would have been lower/higher by RMB349,400,000 (2022: RMB302,338,000) after consideration of capitalisation of interest expenses.

(iii) Other price risk

The Group is exposed to equity price risk due to its investments in equity securities measured at FVTOCI. In addition, the Group also invested in certain unquoted equity securities for long-term strategic purposes which had been designed as at FVTOCI.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment

As at 31 December 2023, other than those financial assets and finance lease receivables whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group is disclosed in Note 47. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed every year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Loans to the Parent Company and fellow subsidiaries/financial guarantee contacts

The Group provided loans to the Parent Company and fellow subsidiaries and provided financial guarantee mainly to related parties. The Group monitors the financial performance of the borrowers on a regular basis to manage the credit risk of the Group.

Debt instruments at FVTOCI

Debt instruments at FVTOCI are bank and commercial acceptance notes which are received from customers of the Group. The Group classifies them as debt instruments at FVTOCI because they are held within a business model whose objective is achieved by both selling and collecting contractual cash flows and the contractual cash flows of these financial assets are solely payments of principal and interest on the principal amount outstanding. The Group reviews the issuer's credit rating, and receives the acceptance notes from issuers with good credit rating.

Bank balances, bank deposits and term deposits

The credit risks on bank balances, bank deposits and term deposits are limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the gross amounts of the Group's financial assets, contract assets, finance lease receivables and financial guarantee contracts, which are subject to ECL assessment:

As at 31 December 2023:

	12m ECL *RMB'000*	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
Financial assets				
Debt instruments at FVTOCI	**3,309,821**	**–**	**–**	**3,309,821**
Financial assets at amortised cost				
– Trade and Notes receivables *(Note ii)*	**375,781**	**7,605,913**	**96,048**	**8,077,742**
– Other receivables	**788,267**	**963,172**	**673,491**	**2,424,930**
– Loans to the Parent Company and fellow subsidiaries	**7,247,160**	**–**	**–**	**7,247,160**
– Restricted bank deposits and term deposits over three months	**59,959,867**	**–**	**–**	**59,959,867**
– Cash and cash equivalents	**31,582,885**	**–**	**–**	**31,582,885**
– Entrusted Loans	**4,435**	**–**	**–**	**4,435**
Other items subject to ECL				
Contract assets *(Note ii)*	**N/A**	**2,347,257**	**–**	**2,347,257**
Finance lease receivables *(Note ii)*	**N/A**	**333,051**	**–**	**333,051**
Financial guarantee contracts *(Note i)*	**1,388,266**	**–**	**–**	**1,388,266**

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

As at 31 December 2022:

	12m ECL *RMB'000*	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
Financial assets				
Debt instruments at FVTOCI	5,909,427	–	–	5,909,427
Financial assets at amortised cost				
– Trade and Notes receivables *(Note ii)*	508,118	8,815,280	183,142	9,506,540
– Other receivables	999,860	1,665,889	313,220	2,978,969
– Loans to the Parent Company and fellow subsidiaries	4,028,686	–	–	4,028,686
– Restricted bank deposits and term deposits over three months	61,027,482	–	–	61,027,482
– Cash and cash equivalents	29,998,038	–	–	29,998,038
– Entrusted Loans	4,439	–	–	4,439
Other items subject to ECL				
Contract assets *(Note ii)*	N/A	1,988,829	–	1,988,829
Finance lease receivables *(Note ii)*	N/A	406,200	–	406,200
Financial guarantee contracts *(Note i)*	1,582,639	–	–	1,582,639

Notes:

(i) For financial guarantee contracts, the gross carrying amount represents the maximum amount that the Group has guaranteed under the respective contracts.

(ii) For trade receivables included in trade and notes receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) *Credit risk and impairment assessment (continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) *RMB'000*	**Lifetime ECL (credit impaired)** *RMB'000*	**Total** *RMB'000*
As at 1 January 2022	179,264	389,428	568,692
– Impairment losses recognised	83,244	145,693	228,937
– Impairment losses reversed	(21,153)	(640)	(21,793)
– Others	(18)	27	9
As at 31 December 2022	241,337	534,508	775,845
– Impairment losses recognised	**103,899**	**392**	**104,291**
– Impairment losses reversed	**(17,082)**	**–**	**(17,082)**
– Write offs	**–**	**(141,784)**	**(141,784)**
– Others	**(125,297)**	**–**	**(125,297)**
As at 31 December 2023	**202,857**	**393,116**	**595,973**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The following tables show reconciliation of loss allowances that has been recognised for long-term receivables, entrusted loans, loans to the Parent Company and fellow subsidiaries, amounts due from related parties/third parties and the remaining financial assets included in other receivables:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	132,071	16,377	310,977	459,425
– Impairment losses recognised	7,089	36	2,256	9,381
– Impairment losses reversed	(2,585)	(1,515)	(12)	(4,112)
– Write-offs	(4)	–	–	(4)
As at 31 December 2022	136,571	14,898	313,221	464,690
– Impairment losses recognised	**57,819**	**59**	**–**	**57,878**
– Impairment losses reversed	**(91)**	**(1)**	**(69,695)**	**(69,787)**
– Write-offs	**–**	**–**	**(336)**	**(336)**
– Others	**(1,401)**	**–**	**–**	**(1,401)**
As at 31 December 2023	**192,898**	**14,956**	**243,190**	**451,044**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of borrowing facilities. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents, and further supplements this by keeping committed credit lines available.

The Group's primary cash requirements have been for purchases of materials, machinery and equipment and payment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations, bank loans, bonds and the net proceeds from share issue.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents (Note 31)) on the basis of expected cash flows.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the undiscounted cash outflows relating to the Group's financial liabilities and lease liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023							
Borrowings	**3.11%**	**18,197,164**	**9,112,862**	**25,752,231**	**10,447,838**	**63,510,095**	**59,380,261**
Bonds	**3.88%**	**5,504,593**	**4,800,200**	**3,641,500**	**–**	**13,946,293**	**13,323,127**
Trade and other payables	**N/A**	**71,894,895**	**–**	**–**	**–**	**71,894,895**	**61,650,598**
Other long-term liabilities	**N/A**	**–**	**385,444**	**1,526,964**	**4,975,774**	**6,888,182**	**5,266,996**
Lease liabilities	**N/A**	**207,180**	**188,804**	**341,729**	**169,089**	**906,802**	**823,196**
Financial guarantees	**N/A**	**1,388,266**	**–**	**–**	**–**	**1,388,266**	**–**
Total		**97,192,098**	**14,487,310**	**31,262,424**	**15,592,701**	**158,534,533**	**140,444,178**
At 31 December 2022							
Borrowings	3.53%	32,324,770	19,585,199	15,930,635	6,801,155	74,641,759	71,178,725
Bonds	3.97%	1,776,813	5,518,033	8,300,200	–	15,595,046	14,552,366
Trade and other payables	N/A	57,024,256	–	–	–	57,024,256	54,915,783
Other long-term liabilities	N/A	–	315,861	897,374	4,420,693	5,633,928	3,750,104
Lease liabilities	N/A	68,171	206,681	190,805	200,117	665,774	445,751
Financial guarantees	N/A	1,582,639	–	–	–	1,582,639	–
Total		92,776,649	25,625,774	25,319,014	11,421,965	155,143,402	144,842,729

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. Details of the Group's financial guarantee contracts are set out in Note 47.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Fair value estimation

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique (s) and inputs used).

Financial assets	**As at 31 December 2023** *RMB'000*	As at 31 December 2022 *RMB'000*	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
1) Listed equity Instruments at FVTOCI	**4,925**	5,598	Level 1	Quoted bid prices in an active market
2) Debt instruments at FVTOCI	**3,309,821**	5,881,285	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period
3) Unlisted equity instruments at FVTOCI	**2,861,220**	3,405,340	Level 3	Income or market approach, where more appropriate. Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. Market approach – valuations are derived by reference to observable valuation measures for comparable companies, and adjusted for the differences between the investments and the referenced comparable.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Fair value estimation (continued)

(ii) Reconciliation of Level 3 fair value measurements of financial assets

Unlisted equity instruments at FVTOCI

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Beginning of the year	**3,405,340**	2,395,546
Deductions	**(21,300)**	42,666
Fair value change recognised in other comprehensive income	**(522,820)**	967,128
End of the year	**2,861,220**	3,405,340

Included in other comprehensive income is a loss of RMB522,820,000 (2022: gain of RMB967,128,000) relating to unlisted equity securities designated as at FVTOCI held at the end of the current reporting period and is reported as changes of "other reserves".

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Long-term borrowings (Level 2)	**42,774,978**	**42,760,850**	40,333,864	40,305,256
Long-term bonds (including amounts due within one year) (Level 1)	**13,318,127**	**8,130,839**	14,176,881	14,247,942

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

49. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries less cash and cash equivalents.

The gearing ratios at 31 December 2023 and 2022 were as follows:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000* (Restated)
Total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries	**102,261,576**	108,027,124
Less: Cash and cash equivalents	**(31,582,885)**	(29,998,038)
Net debt	**70,678,691**	78,029,086
Total equity	**182,523,561**	164,888,788
Total capital	**253,202,252**	242,917,874
Gearing ratio	**28%**	32%

50. 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 2023 RMB'000	As at 31 December 2022 RMB'000
Property, plant and equipment	**3,304,488**	4,603,830
Mining rights	**235,000**	235,000
Technical know-how	**–**	9,391
	3,539,488	4,848,221

(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. In 2022, the Company transferred its equity interest in Zhongtian Synergetic to China Coal Northwest Energy Co., Ltd ("Northwest Energy"), a subsidiary of the Company, without compensation. As a 38.75% shareholder, Northwest Energy has invested RMB6,787 million in Zhongtian Synergetic as at 31 December 2023 and is committed to a further investment of RMB481 million by instalments in the future.

According to the agreement entered into on October 2014, Shaanxi Jingshen was established by Shaanxi Yulin (a subsidiary of the Company), Shaanxi Coal and Chemical Industry Group Co., Ltd., Shaanxi Yulin Coal Distribution Co., Ltd. and a number of other independent parties. As a 4% shareholder, Shaanxi Yulin has invested RMB215 million in Shaanxi Jingshen as at 31 December 2023 and is committed to a further investment of RMB33 million in the future.

According to the agreement entered into in June 2021, China Coal Pingshuo Group Co., Ltd. ("Pingshuo Group"), a subsidiary of the Company, invested RMB1 billion 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 2023 and is committed to investing the remaining subscribed capital during the investment period of the Partnership.

51. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions and balances with related parties

Set out below is a summary of significant related party transactions for the years ended 31 December 2023 and 2022.

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd., and its subsidiaries

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Transactions with the Parent Company and fellow subsidiaries		
Integrated Material and Services Mutual Provision *(Note (i))* :		
Purchase of production materials, machinery and equipment from the Parent Company and fellow subsidiaries	**5,718,573**	5,525,798
Charges for social and support services provided by the Parent Company and fellow subsidiaries	**121,812**	74,110
Sale of production materials, machinery and equipment to the Parent Company and fellow subsidiaries	**8,019,618**	3,655,459
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	**–**	828
Agency fees for coal export and sales to the Parent Company	**5,975**	6,526
Mine Construction, Design and General Contracting Service *(Note (ii))*:		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	**2,863,518**	2,958,508
Leasing *(Notes (iii) and (vii))*:		
Rental fees relating to property leasing paid to the Parent Company and fellow subsidiaries	**61,037**	62,580
Coal Supplies *(Note (iv))*:		
Coal purchased from the Parent Company and fellow subsidiaries	**11,567,448**	8,566,921

51. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd., and its subsidiaries (continued)

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Financial Services *(Note (v))*:		
Loans provided to the Parent Company and fellow subsidiaries	**4,838,573**	2,423,370
Loans repayment received from the Parent Company and fellow subsidiaries	**1,508,158**	2,343,029
Deposits received from the Parent Company and fellow subsidiaries	**4,847,337**	3,663,329
Interest paid or payable to the Parent Company and fellow subsidiaries	**293,650**	264,183
Interest received or receivable from the Parent Company and fellow subsidiaries	**174,168**	136,247
Charges for providing entrusted loans	**745**	811
Interest paid or payable arising from entrusted loans entrusted by the Parent Company	**18,188**	19,175
Fee paid for use of trademark to the Parent Company *(Note (vi))*	**RMB 1**	RMB 1

51. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd., and its subsidiaries (continued)

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Transactions with associates of the Group:		
Sales and services provided:		
Sales of machinery and equipment	**190,870**	231,684
Sales of materials and spare parts	**16,941**	38,192
Railway rental income	**154,799**	177,443
Income from providing labour services	**6,961**	7,528
Sales of coal	**3,400,424**	3,389,346
Sales of providing production materials and auxiliary services	**87,757**	14,250
Purchases of goods and services:		
Purchases of coal	**3,971,000**	4,097,409
Purchases of materials and spare parts	**41,845**	25,753
Transportation services purchased	**3,155,080**	1,676,116
Transactions with Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries		
Income from providing production materials and auxiliary services	**5,795**	1,428
Sales of machinery and equipment	**71,066**	–
Sales of materials and spare parts	**4,071**	–
Purchases of coal	**6,261,900**	9,003,771
Deposits increased by Guoyuan Group	**2,677,345**	–
Deposits decreased by Guoyuan Group	**–**	(78,019)
Interest paid to the Company	**37,269**	1,706
Financial services:		
Interest income	**23,324**	28,596
Transactions with a substantial shareholder of a significant subsidiary		
Sales and services provided ***(Note (viii))***		
Sale of coal	**893,747**	1,207,455
Sales of machinery and equipment	**195**	–
Purchases of goods and services ***(Note (viii))*****:**		
Purchases of coal	**403,616**	–

51. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd., and its subsidiaries (continued)

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Commitments to the Parent Company and fellow subsidiaries:		
With the Parent Company and fellow subsidiaries		
– Purchases of services	**2,261,126**	2,844,918
– Purchases of goods	**35,090**	316,085
Total	**2,296,216**	3,161,003

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Loan guarantees to associates and joint ventures of the Group:		
– Associates	**1,074,066**	1,248,639

51. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd., and its subsidiaries (continued)

Notes:

(i) The Company and China Coal Group entered into an Integrated Materials and Services Mutual Provision Framework Agreement on 5 September 2006, under which the Company provides to China Coal Group and China Coal Group provides to the Company production material supplies and ancillary services, and the Company also provides to China Coal Group export – related services. The agreement was renewed to extend the term to 31 December 2023, and renewed on October 25, 2023 to 2026.

(ii) The Company and China Coal Group entered into a Mine Construction and Design Framework Agreement on 5 September 2006, followed with a contract renewal under the name of Mine Construction, Mine Design and General Contracting Service Framework Agreement upon its expiry date of 31 December 2008. Subsequently, the Company and China Coal Group extended this contract and changed its name to Project Design, Construction and General Contracting Framework Agreement when the contract was due on 31 December 2011. The deal mainly included:

- China Coal Group provides the Company with engineering design, construction and general contracting;
- China Coal Group undertakes projects which the Company subcontracts; and
- For engineering design, construction and general contracting, services providers and pricing would be determined in the form of public bidding.

The agreement was renewed to extend the term to 31 December 2023, and renewed on October 25, 2023 to 2026.

(iii) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases from China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three years based on market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective until December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017, RMB120,000,000 for 2018 to 2020, and RMB280,000,000 for 2021 to 2023.

(iv) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 5 September 2006, pursuant to which China Coal Group will sell all coal products produced from its retained mines exclusively to the Company, and has undertaken not to sell any such coal products to any third party. The agreement was renewed to extend the term to 31 December 2023, and renewed on October 25, 2023 to 2026.

(v) Finance Company and China Coal Group entered into a Financial Services Framework Agreement on 23 October 2014, under which Finance Company provides financial services to China Coal Group within its business scope. The agreement was renewed to 2026.

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

(vii) The rental fees are arising from lease payments subject to recognition exemption which are recognised in profit or loss.

(viii) The Company and Shanxi Coking Coal Group Co., Limited ("Shanxi Coking Coal Group") entered into a Coal and Coal Related Products and Services Supply Agreement on 23 October 2014, under which the Group purchase the coal and coal related products and accepts services from Shanxi Coking Coal and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal related products and accept services from the Group. In 25 October 2023, The agreement was renewed to extend the term to 31 December 2023, and renewed on October 25, 2023 to 2026.

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

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

51. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

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

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

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

During the years ended 31 December 2022 and 2023, majority of the following Group's activities are conducted with other government-related entities:

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

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

- Lease of assets; and
- Retirement benefit plan.

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

51. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation

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

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**3,590**	3,894
– Other key management	**3,340**	2,845
	6,930	6,739
Pension costs – defined contribution plans		
– Directors and supervisors	**412**	372
– Other key management	**433**	324
	845	696
	7,775	7,435

52. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**32,046**	30,530
Intangible assets	**93,460**	79,054
Investments in subsidiaries	**102,366,724**	93,629,808
Investments in associates	**4,350,370**	6,612,839
Investments in joint ventures	**213,433**	213,709
Equity instruments at FVTOCI	**1,093,970**	3,034,284
Deferred tax assets	**392,122**	125,577
Loans to subsidiaries	**3,139,094**	4,536,409
Other non-current assets	**711,755**	715,652
	112,392,974	108,977,862
Current assets		
Inventories	**920,855**	845,800
Trade receivables	**198,299**	206,185
Prepayments and other receivables	**64,572**	16,938
Amounts due from subsidiaries	**8,368,003**	8,598,517
Term deposits with initial terms of over three months	**1,450,000**	1,676,044
Cash and cash equivalents	**17,196,272**	22,046,821
	28,198,001	33,390,305
TOTAL ASSETS	**140,590,975**	142,368,167
EQUITY		
Share capital	**13,258,663**	13,258,663
Reserves	**45,865,814**	46,027,432
Retained earnings	**28,538,341**	23,756,125
Total equity	**87,662,818**	83,042,220

52. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Statement of financial position of the Company (continued)

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
LIABILITIES		
Non-current liabilities		
Long-term borrowings	**19,246,725**	15,010,652
Long-term bonds	**7,993,019**	12,977,222
	27,239,744	27,987,874
Current liabilities		
Trade and notes payables	**380,865**	876,151
Contract liabilities	**7,353**	6,885
Accruals, advances and other payables	**10,898,578**	10,277,310
Taxes payable	**70,045**	11,912
Current portion of long-term borrowings	**9,006,464**	18,604,004
Current portion of long-term bonds	**5,325,108**	1,561,811
	25,688,413	31,338,073
Total liabilities	**52,928,157**	59,325,947
TOTAL EQUITY AND LIABILITIES	**140,590,975**	142,368,167

52. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Capital reserve	Statutory reserve funds	Other reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	38,713,240	5,468,539	549,896	22,024,560	66,756,235
Profit and total comprehensive income for the year	–	–	685,250	6,332,929	7,018,179
Appropriations	–	610,507	–	(610,507)	–
Dividends	–	–	–	(3,990,857)	(3,990,857)
Others	–	–	–	–	–
At 31 December 2022	38,713,240	6,079,046	1,235,146	23,756,125	69,783,557
Profit and total comprehensive income for the year	**–**	**–**	**77,840**	**9,724,245**	**9,802,085**
Appropriations	**–**	**495,475**	**–**	**(495,475)**	**–**
Dividends	**–**	**–**	**–**	**(5,475,828)**	**(5,475,828)**
Others	**–**	**5,246**	**(740,179)**	**1,029,274**	**294,341**
At 31 December 2023	**38,713,240**	**6,579,767**	**572,807**	**28,538,341**	**74,404,155**

53. EVENTS AFTER THE END OF THE REPORTING PERIOD

The group had no material event subsequent to the end of reporting period and up to date of this announcement.

Financial Summary for Recent Five Years

Unit: RMB1 thousand

	2019 Annual Report (Restated)	2020 Annual Report (Restated)	2021 Annual Report (Restated)	2022 Annual Report (Restated)	**2023 Annual Report**
Revenue and Profit					
Revenue	129,334,707	140,964,681	239,828,439	220,576,859	**192,968,833**
Profit before income tax	13,024,481	11,686,224	27,869,271	34,583,129	**33,695,386**
Income tax expense	3,500,818	3,363,448	6,561,988	7,479,216	**7,273,549**
Profit for the year	9,523,663	8,322,776	21,307,283	27,103,913	**26,421,837**
Attributed to					
Equity holders of the Company	6,199,338	5,353,650	15,172,278	19,737,989	**20,183,598**
Non-controlling interests	3,324,325	2,969,126	6,135,005	7,365,924	**6,238,239**
Dividends	1,687,931	1,771,250	3,984,572	5,472,161	**5,860,215**
Basic earnings per share attributable to the equity holders of the Company (RMB per share)	0.47	0.40	1.14	1.49	**1.52**
Assets and Liabilities					
Non-current assets	217,443,719	220,571,500	216,792,564	215,819,187	**229,487,106**
Current assets	55,107,152	62,260,463	105,408,356	123,911,042	**119,668,221**
Current liabilities	83,697,464	69,265,942	87,939,603	104,998,190	**98,157,965**
Net current (liabilities)/assets	(28,590,312)	(7,005,479)	17,468,753	18,912,852	**21,510,256**
Total assets less current liabilities	188,853,407	213,566,021	234,261,317	234,732,039	**250,997,362**
Non-current liabilities	71,575,881	88,758,612	91,428,853	69,843,251	**68,473,801**
Net assets	117,277,526	124,807,409	142,832,464	164,888,788	**182,523,561**
Equity attributable to the equity holders of the Company	97,047,962	101,801,292	114,109,474	130,614,104	**143,882,374**
Non-controlling interests	20,229,564	23,006,117	28,722,990	34,274,684	**38,641,187**

Company Profile

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

INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

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

BASIC INFORMATION ABOUT THE COMPANY

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

BRIEF INFORMATION ABOUT SHARES OF THE COMPANY

Type of shares	Stock Exchange for listing of shares	Short name of stock	Stock code	Short name of stock before change
A Shares	Shanghai Stock Exchange	China Coal	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal	01898	

Authorised Representatives of the Company	Wang Shudong, Jiang Qun
Company Secretary	Jiang Qun

Company Profile

OTHER RELEVANT INFORMATION

Date of first registration of the Company	22 August 2006
Location of first registration of the Company	No.1 Huangsidajie, Chaoyang District, Beijing, the PRC
Date of change in registration of the Company	28 June 2010
Location of change in registration of the Company	No change
Unified Social Credit Code	91110000710934289T

ACCOUNTING FIRMS OF THE COMPANY

Domestic accounting firm of the Company	Ernst & Young Hua Ming LLP
Office address of the domestic accounting firm of the Company	Room 01-12, 17/F, EYHM Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing
International accounting firm of the Company	Ernst & Young *(Registered Public Interest Entity Auditors)*
Office address of the international accounting firm of the Company	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact address	25th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong

SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

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

Definitions

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

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
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 Huajin Company	China Coal Huajin Energy Group Limited
Resources Development Company	China Coal Resources Development Group Company Limited, formerly known as China Coal Import and Export Company
Huayu Company	China Coal Group Shanxi Huayu Energy Company Limited, formerly known as China Coal Group Shanxi Jinhaiyang Energy Company Limited
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical (Group) Co., Ltd.
Mengda Mining	Wushenqi Mengda Mining Company Limited
Finance Company	China Coal Finance Co., Ltd.
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Zhongtian Hechuang	Zhongtian Hechuang Energy Co., Ltd.
Shaanxi Company	China Coal Shaanxi Energy & Chemical Group Company Limited
Equipment Company	China National Coal Mining Equipment Company Limited
Zhangjiakou Coal Mining Machinery Company	China Coal Zhangjiakou Coal Mining Machinery Co., Ltd.
Yihua Mining	Ordos Yihua Mining Resources Company Limited
Yinhe Hongtai Company	Ordos Yinhe Hongtai Coal Power Company Limited

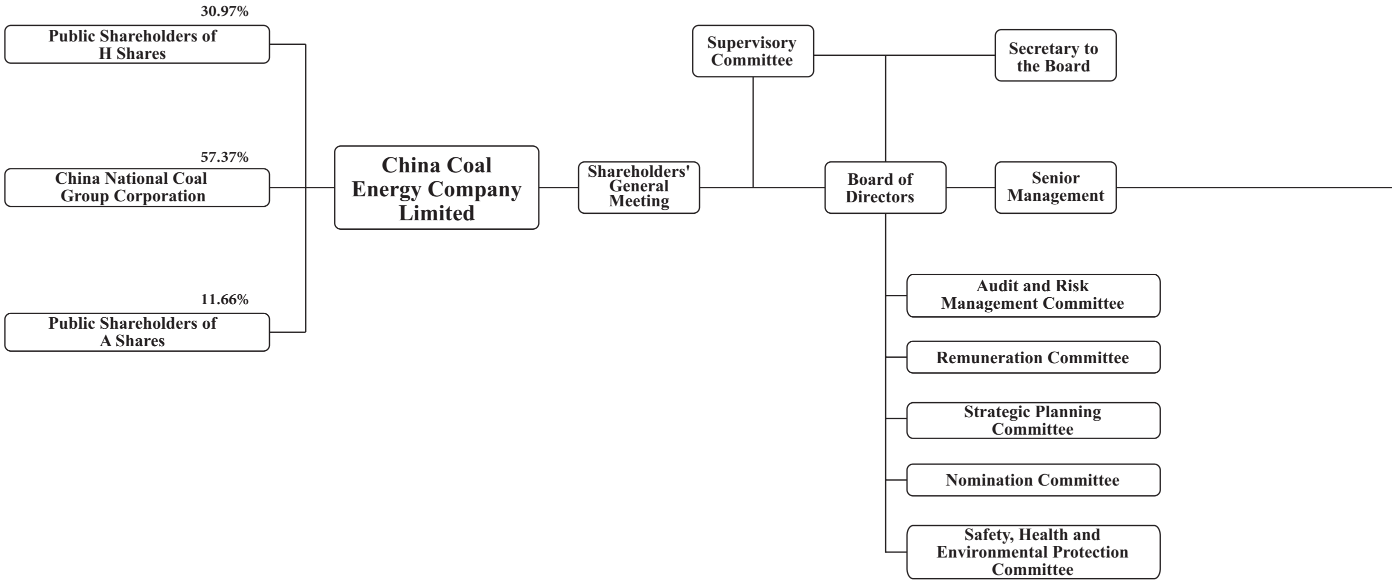
Definitions

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
Pingshuo Energy and Chemical Company	Shanxi China Coal Pingshuo Energy and Chemical Company Limited
China Coal Finance Lease Company	Beijing China Coal Finance Lease Co., Ltd.
Shanxi Coking	Shanxi Coking Co., Ltd.
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.
Guoyuan	Guoyuan Times Coal Asset Management Co., Ltd., a state-owned enterprise established under the laws of the PRC, is a central enterprise coal asset management platform. As at the date of this report, it was a 29% equity investment company of China Coal Group through its subsidiary China Coal Resources Development Group Company Limited
Guoyuan Group	Guoyuan and its subsidiaries
East Open Pit Mine	East Open Mine of China Coal Pingshuo Group Company Limited
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
Anjialing Coal Mine	Anjialing Open Pit Mine of China Coal Pingshuo Group Company Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
Weizigou Coal Mine	Weizigou Coal Mine of China Coal Energy Xinjiang Hongxin Coal Industry Company Limited
Yaoqiao Coal Mine	Yaoqiao Coal Mine of Shanghai Datun Energy Resources Co., Ltd.
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
Shaanxi Yulin's coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin	China Coal Shaanxi Yulin Energy Chemical Co., Ltd. Coal Chemical Industry Phase II Project with an annual output of 900,000 tons of polyolefin
Wushenqi 2×660MW integrated coal power project	China Coal Northwest Energy Chemical Company Limited Wushenqi Tuke Industrial Park 2x660MW pithead coal power project
"two combinations"	combination of coal and coal power, combination of coal power and renewable energy

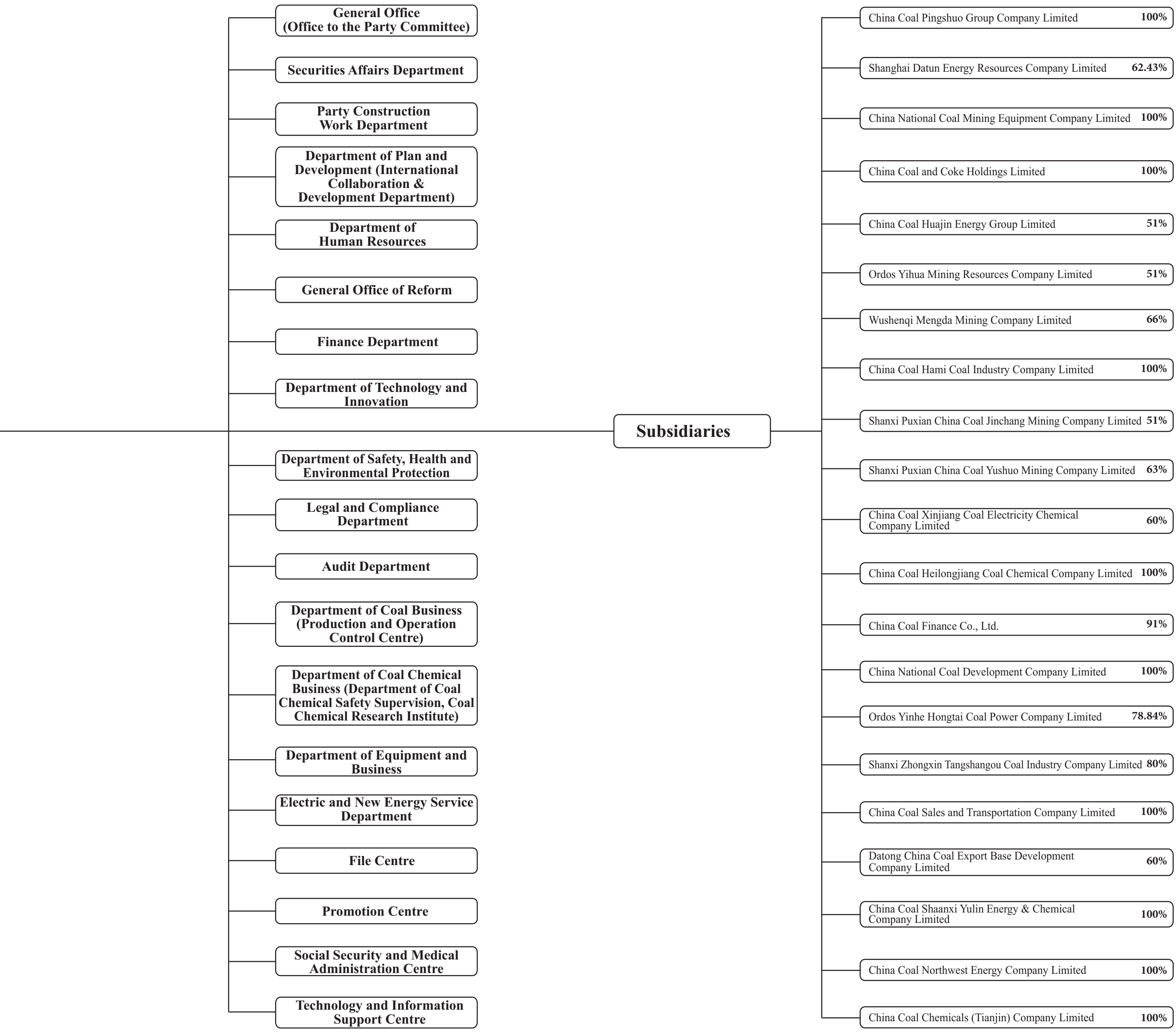
Definitions

Liquid Sunlight	it is the synthesis of liquid sun fuel, which is the production of hydrogen by using solar energy and other renewable energy to electrolyte, and hydrogen reaction with carbon dioxide to produce green methanol
CSRC	China Securities Regulatory Commission
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
RMB	RMB yuan

Organisation Chart of the Company



Organisation Chart of the Company



中国中煤能源股份有限公司
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