年度報告

Annual Report 2021

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

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

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

Chairman's Statement

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

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

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

Chairman's Statement

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

Wang Shudong
Chairman

Beijing, the PRC
24 March 2022

Management Discussion and Analysis of Financial Conditions and Operating Results

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

I. OVERVIEW

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

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

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

Unit: RMB100 million

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

Management Discussion and Analysis of Financial Conditions and Operating Results

II. OPERATING RESULTS

(I) Consolidated operating results

1. Revenue

For the year ended 31 December 2021, the Group's revenue increased from RMB140.965 billion for the year ended 31 December 2020 to RMB231.127 billion, representing an increase of RMB90.162 billion or 64.0%. The year-on-year revenue increase was mainly due to the significant increase in market prices of the Group's self-produced commercial coal and coal chemical products, as well as the expanded sales scale of coal.

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

Unit: RMB100 million

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

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

Unit: RMB100 million

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

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

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

2. *Cost of sales*

For the year ended 31 December 2021, the Group's cost of sales increased by RMB72.595 billion or 60.2% from RMB120.615 billion for the year ended 31 December 2020 to RMB193.210 billion, which was mainly due to the expansion of the sales scale of the Group's coal operations and the year-on-year increase in costs caused by the increase in coal prices and material costs of coal chemical operations.

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

Unit: RMB100 million

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

3. *Gross profit and gross profit margin*

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

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

Unit: RMB100 million

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

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

(II) Operating results of segments

1. Coal Operations Segment

(1) Revenue

Revenue from the coal operations of the Group was mainly generated from sales of coal produced from self-owned coal mines and coal washing plants to domestic and overseas customers (sales of self-produced commercial coal), resale of coal purchased from external enterprises to customers (sales of proprietary coal trading) and coal import and export and domestic agency services.

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

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

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

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

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 2021 and the year-on-year changes are set out as follows:

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

*: Briquette export.

★: Selling price is agency service fee.

☆: N/A for the period.

Note: Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group which amounted to 17.85 million tonnes for 2021 and 13.25 million tonnes for 2020.

(2) Cost of sales

For the year ended 31 December 2021, the Group's cost of sales of coal operations increased by 71.5% from RMB98.860 billion for the year ended 31 December 2020 to RMB169.576 billion, which was mainly attributable to the year-on-year increase in the sales volume of the purchased coal and the increase of procurement cost leading to a year-on-year increase in the cost of proprietary coal trading by RMB65.777 billion. The composition of the cost of sales of the Group's coal operations and its year-on-year changes are set out as follows:

Unit: RMB100 million

Item	**For the year ended 31 December 2021**	**Percentage (%)**	For the year ended 31 December 2020 (restated)	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**67.68**	**4.0**	62.80	6.4	4.88	7.8
Proprietary coal trading cost☆	**1,275.12**	**75.2**	617.35	62.4	657.77	106.5
Staff costs	**48.11**	**2.8**	33.46	3.4	14.65	43.8
Depreciation and amortisation	**65.29**	**3.9**	59.67	6.0	5.62	9.4
Repairs and maintenance	**16.24**	**1.0**	13.44	1.4	2.80	20.8
Transportation costs and port expenses	**96.49**	**5.7**	108.84	11.0	-12.35	-11.3
Sales taxes and surcharges	**54.03**	**3.2**	32.24	3.3	21.79	67.6
Outsourcing mining engineering fees	**39.47**	**2.3**	34.24	3.5	5.23	15.3
Other costs★	**33.33**	**1.9**	26.56	2.6	6.77	25.5
Total cost of sales for coal operations	**1,695.76**	**100.0**	988.60	100.0	707.16	71.5

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

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

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 2021, and the year-on-year changes are set out as follows:

Unit: RMB/tonne

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

(3) Gross profit and gross profit margin

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

2. Coal Chemical Operations Segment

(1) Revenue

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

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

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

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

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

(2) *Cost of sales*

For the year ended 31 December 2021, cost of sales for the coal chemical operations of the Group increased by 31.7% from RMB14.701 billion for the year ended 31 December 2020 to RMB19.358 billion, which was mainly attributable to the increase in the purchase price of raw material coal and fuel coal, leading to the year-on-year increase of RMB4.362 billion in material costs. The composition of the cost of sales of the Group's coal chemical operations and the year-on-year changes are set out as follows:

Unit: RMB100 million

Item	**For the year ended 31 December 2021**	**Percentage (%)**	For the year ended 31 December 2020 (restated)	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs (excluding cost of polyolefin in proprietary trading)	**117.89**	**60.9**	74.27	50.5	43.62	58.7
Cost of polyolefin in proprietary trading	**8.76**	**4.5**	10.06	6.8	-1.30	-12.9
Staff costs	**10.73**	**5.5**	7.36	5.0	3.37	45.8
Depreciation and amortisation	**27.81**	**14.4**	25.89	17.6	1.92	7.4
Repairs and maintenance	**7.59**	**3.9**	7.03	4.8	0.56	8.0
Transportation costs and port expenses	**9.09**	**4.7**	9.09	6.2	0.00	0.0
Sales taxes and surcharges	**3.07**	**1.6**	3.03	2.1	0.04	1.3
Other costs	**8.64**	**4.5**	10.28	7.0	-1.64	-16.0
Total cost of sales for coal chemical operations	**193.58**	**100.0**	147.01	100.0	46.57	31.7

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

Unit: RMB/tonne

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

(3) Gross profit and gross profit margin

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

3. Coal Mining Equipment Operations Segment

(1) Revenue

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

(2) Cost of sales

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

Unit: RMB100 million

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

(3) Gross profit and gross profit margin

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

4. Financial Operations Segment

For financial operations, which is mainly engaged by Finance Company, the Group deepened lean management concept, strengthened financial technology innovation, offered multi-dimensional, extensive and customised financial services by precisely targeting financial needs of member enterprises to secure safe, stable and efficient capital flow, and enhanced detailed operations of interbank deposits by dynamically optimising and adjusting deposits deployment strategies at appropriate times, thereby realising higher revenue and profits. For the year ended 31 December 2021, revenue of financial operations of the Group increased by 36.2% from RMB1.242 billion for the year ended 31 December 2020 to RMB1.691 billion; revenue net of inter-segmental sales increased by 56.0% from RMB838 million for the year ended 31 December 2020 to RMB1,307 million. Cost of sales increased by 52.9% from RMB393 million for the year ended 31 December 2020 to RMB601 million. Gross profit increased by 28.4% from RMB849 million for the year ended 31 December 2020 to RMB1,090 million. Gross profit margin decreased by 3.9 percentage points from 68.4% for the year ended 31 December 2020 to 64.5%.

5. Other Operations Segment

Other operations segment of the Group mainly includes thermal power generation, aluminium processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. Key power generation projects including the Project of Xingjiang Zhudong Wucai Bay 2x660MW North Second Power Plant and the 2×350MW thermal power project by Shanghai Energy Company of the Group maintained stable operation, and the aluminium processing business expanded its production and sales scale and recorded an increase in the selling price of products. For the year ended 31 December 2021, the revenue from other operations segment increased by 19.2% from RMB7.020 billion for the year ended 31 December 2020 to RMB8.370 billion; revenue net of inter-segmental sales increased by 21.7% from RMB5.940 billion for the year ended 31 December 2020 to RMB7.229 billion; cost of sales increased by 31.3% from RMB6.067 billion for the year ended 31 December 2020 to RMB7.969 billion. Affected by the year-on-year surge of coal price as well as the year-on-year decrease in the gross profit and gross profit margin of power generation operations, gross profit of the Group's other operations segment decreased by 57.9% from RMB953 million for the year ended 31 December 2020 to RMB401 million; gross profit margin decreased by 8.8 percentage points from 13.6% for the year ended 31 December 2020 to 4.8%.

(III) Selling, general and administrative expenses

For the year ended 31 December 2021, the Group's selling, general and administrative expenses increased by 19.1% from RMB5.447 billion for the year ended 31 December 2020 to RMB6.487 billion, which was mainly attributable to the increase in research and development expenses along with the Group's increased investment in technology innovation, as well as the year-on-year increase in staff remuneration.

(IV) Finance income and finance costs

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

(V) Share of profits of associates and joint ventures

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

(VI) Other gains and losses, net

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

Management Discussion and Analysis of Financial Conditions and Operating Results

III. CASH FLOW

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

Net cash inflow generated from operating activities increased by RMB25.474 billion from RMB22.632 billion for the year ended 31 December 2020 to RMB48.106 billion, which was mainly attributable to the combined effect of the growth of the Group's operating results, continual reinforcement of lean capital management for the reduction of operating capital occupation, the year-on-year increase in net cash inflow generated from production and sales activities of RMB13.687 billion as well as the year-on-year increase of RMB11.787 billion in cash inflow generated from deposits absorbed from members other than China Coal Energy by Finance Company.

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

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

IV. SOURCES OF CAPITAL

For the year ended 31 December 2021, the Group's funds were mainly derived from the proceeds generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical, coal mining equipment and power generation operations, repayment of debts payable by the Group, and as the Group's working capital and general recurring expenditures.

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

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

Management Discussion and Analysis of Financial Conditions and Operating Results

V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

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

(II) Mining rights

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

(III) Investments in associates and joint ventures

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

(IV) Other non-current assets

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

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

As at 31 December 2021, the Group's net value of debt instruments at fair value through other comprehensive income was RMB5.926 billion, representing a net increase of RMB2.405 billion or 68.3% as compared to RMB3.521 billion as at 31 December 2020, which was mainly attributable to the increase in settlement amount of acceptance notes in the process of product sales.

(VI) Borrowings

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

(VII) Contract liabilities

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

(VIII) Accruals, advances and other payables

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

(IX) Taxes payable

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

(X) Long-term bonds

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

(XI) Deferred income

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

VI. EQUITY

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

(I) Reserve

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

(II) Retained earnings

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

VII. OVERSEAS ASSETS

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

VIII. SIGNIFICANT CHARGE OF ASSETS

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

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IX. SIGNIFICANT INVESTMENT

The Group had no significant investment during the reporting period.

X. MATERIAL ACQUISITIONS AND DISPOSALS

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

XI. ISSUANCE OF CORPORATE BONDS

The goal of registration and issuance of debt securities by the Group is to replenish the working capital of the Group and adjust the debt structure. As at 31 December 2021, details of the corporate bonds not yet due issued by the Group are as follows.

Disclosure Items	17 China Coal 01	18 China Coal 02	18 China Coal 06	20 China Coal 01
1. Reason for issue	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.
2. Type of issue	Public issue	Public issue	Public issue	Public issue
3. Book value	RMB100	RMB100	RMB100	RMB100
4. Issue scale	RMB1.0 billion	RMB0.4 billion	RMB0.8 billion	RMB3.0 billion
5. Total proceeds raised after deducting the issuance expenses	RMB997 million	RMB399 million	RMB798 million	RMB2.997 billion
6. Bonds balance	RMB0.074 billion	RMB0.4 billion	RMB0.8 billion	RMB3.0 billion
7. Coupon rate	2.85%	5.0%	4.89%	3.60%
8. Issue object	Qualified investor	Qualified investor	Qualified investor	Qualified 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 due short-term financing bonds.	All the proceeds net of issuance fee were used to replenish the Company and its subsidiaries' working capital and repay the due bank loans.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the 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	Yes	Yes	Yes

Notes: 1) The Company completed the 2017 public issuance of corporate bonds (tranche 1) (abbreviated as "17 China Coal 01") on 20 July 2017 for a term of 5 years and with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors. The Company has adjusted the coupon rate for the current tranche of bonds in June 2020, and some investors opted for saleback in July 2020, and the balance of the bonds after the saleback was RMB74,397,000.

2) The Company completed a public issuance of corporate bonds (tranche 1) (category 1) (abbreviated as "18 China Coal 01") on 9 May 2018 at an issuance scale of RMB1.1 billion for a term of 5 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors; on 5 June 2018, the Company completed a public issuance of corporate bonds (tranche 2) (category 1) (abbreviated as "18 China Coal 03") at an issuance scale of RMB1.7 billion for a term of 5 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors; on 6 July 2018, the Company completed a public issuance of corporate bonds (tranche 3) (category 1) (abbreviated as "18 China Coal 05") at an issuance scale of RMB2.2 billion for a term of 5 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors; on 26 July 2018, the Company completed a public issuance of corporate bonds (tranche 4) (category 1) (abbreviated as "18 China Coal 07") at an issuance scale of RMB0.8 billion for a term of 5 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the third year and a saleback option by the investors. During the reporting period, the Company has implemented adjustment on the coupon rate for the aforesaid four tranches of bonds in full amount, and the investors have all opted for the saleback, which have made full payment and completed the delisting.

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

Name of bonds	Issue scale (RMB100 million)	Interest rate (%)	Term	Effective date	Due date	Repayment status
15 China Coal MTN001	100.00	4.95	7 years	18 June 2015	18 June 2022	Interest paid while principal not due yet
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 not yet due, principal not due yet
Total	200.00	–	–	–	–	–

As of 31 December 2021, the Company has paid the principal and interest of its bonds and other debt financing instruments by the agreed time. No default or delayed payment of principal and interest has occurred.

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XIII. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 31 December 2021, the Group provided guarantees of RMB9.920 billion in total, of which guarantees of RMB7.820 billion were provided to the 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 the 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	34,241.27	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	132,734.55	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 Energy Company Limited	Company headquarters	Zhongtian Hechuang Energy Company Limited	574,594.68	25 May 2016	25 May 2016	As per agreement	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	No	Yes	Other related party
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	8,875.00	2 February 2018	26 February 2018	2 February 2025	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	31,600.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	Yes	No	Other
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)															-326,506.40
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)															782,045.50
guarantee provided by the Company to its subsidiaries															
Total guarantee to subsidiaries incurred during the reporting period															-98,212.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)															209,908.50
total guarantee of the Company (including those to subsidiaries)															
Total guarantee (A+B)															991,954.00
Percentage of total guarantee to net assets of the Company (%)															8.7
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															–

(II) Environmental protection responsibilities

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

(III) Contingent legal liabilities

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

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

Upon receiving the respective complaints, the Company attached great importance thereon and established a dedicated task force to guide and supervise Yihua Mining, Mengda Mining and Yinhe Hongtai Company on actively preparing for the lawsuit while maintaining close communication with relevant parties to fully safeguard the interests of the Company in accordance with laws and regulations. In the mid-January 2022, Ordos Intermediate People's Court made the first-instance judgement for these three cases, and judged that the pricing term of the "Transfer Contract on Mining Right of Muduchaideng Mine" entered between Yihua Mining and Wushenqi State-owned Company was void, where Yihua Mining shall pay the price difference for the transfer of mining right of RMB1,454.286 million to Wushenqi State-owned Company; judged that the pricing term of the "Transfer Contract on Mining Right of Nalin River No.2 Mine" entered between Mengda Mining and Wushenqi State-owned Company was void, where Mengda Mining shall pay the price difference for the transfer of mining right of RMB2,223.5238 million to Wushenqi State-owned Company; judged that the pricing term of the "Transfer Contract on Mining Right" entered into between Yinhe Hongtai Company and Wushenqi State-owned Company was void, where Yinhe Hongtai Company shall pay the price difference for the transfer of mining right of RMB1,623.143 million.

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

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

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	–	4.75%	20.17	20.17	Actual Profit is recovered	Yes	No	–

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2021

(1) Coal Operations

1. Coal production

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

Table on Commercial Coal Production Volume

Unit:10 thousand tonnes

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

2. *Coal sales*

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

Table on Coal Sales

Unit: 10 thousand tonnes

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

3. Coal reserve

Unit: 100 million tonnes

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

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

(2) Coal Chemical Operations

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

Business Performance

Table on Production and Sales Volume of Major Coal Chemical Products

Unit: 10 thousand tonnes

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

Notes:

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

2. The urea sales volume of the Group includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group.

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

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

(3) Coal Mining Equipment Operations

In 2021, the Group continuously optimised the organisation of production, and strengthened the precise connection with marketing and production and manufacture, production technology preparation and resources supply assurance, thus the preparation time for preliminary stage of production technology such as ordering and design was shortened, and production efficiency was greatly enhanced. The aggregate production value of coal mining equipment amounted to RMB9.46 billion, representing a year-on-year increase of 8.7%. The Group deeply explored the coal machine market by timely tracking changes in the market situation, seizing valid orders and constantly increasing the marketing scale and efficiency to consolidate the market share of leading products. With active efforts on entering into contracts and developing new users, accumulative value of new contracts increased by 22.6% year on year. The Company continued to promote non-coal and transformation products. The operations of non-coal chains, water treatment, modified vehicles, drilling equipment, refuse collection vehicles and other non-coal products as well as tunnel boring machines, wind power maintenance and other transformation equipment continued to expand. The Company strove to build a marketing structure for diversified products and continued to expand market boundaries. Revenue from accessories and non-coal business accounted for 51.2% of the total.

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

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

(4) Financial Service Operations

Building on its own business development and the whole industry value chain for coal business, the Group proactively gave full play to the advantages of capital management mechanism of Finance Company and the uniform digital finance platform information technology, so as to push forward high-quality development of the Company. The Company continued to facilitate information technology innovation and realized online management of its daily capital planning, thereby enhancing its capital management efficiency and liquidity management level. By constantly strengthening effective capital management and accurately analyzing interest rate trend of the market, the Company made timely optimisation and adjustment on its allocation strategy of the interbank deposit category and term. The Company further optimized credit capital and resources allocation and supported its industry structure adjustments. As at the end of 2021, scale of deposits absorbed amounted to RMB70.76 billion, representing a year-on-year increase of 97.5%; placement of interbank deposits amounted to RMB61.01 billion, representing a year-on-year increase of 144.0%; scale of daily average self-operated loans for the year amounted to RMB13.57 billion, representing a year-on-year increase of 2.8%, all hitting the highest level in the history.

Table on Financial Operations

Unit: RMB100 million

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

(5) Synergy among Business Segments

The Group fully capitalised on the advantages of integrated coal, power and chemical industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. During the reporting period, the power plants and coal chemical enterprises of the Company jointly promoted clean utilisation and conversion of coal, and consumed 7.41 million tonnes of self-produced low calorific value coal or high sulfur content coal in total. The coal chemical projects in the regions of Inner Mongolia and Shaanxi exerted more efforts into local transformation of self-produced coal and purchased 4.62 million tonnes of coal from coal mines of the Company. The coal mining equipment business segment achieved internal product sales and services revenue of RMB1.496 billion, representing 14.4% of the total revenue of the segment. For the finance operations, newly issued internal loans amounted to RMB5.25 billion and the amount of internal loans as at the end of the year was RMB7.05 billion, offering financing convenience with rich varieties and quality service. Hence, financing costs have been lowered and a total of finance expenses amounting to RMB380 million have been saved.

II. ANALYSIS OF CORE COMPETITIVENESS

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

The scale of the Company's principal coal business is at the forefront of the country. The production and development layouts are concentrated in the energy bases under the national planning, as well as the provinces with abundant resources in the central and western regions. With its leading position in the industry in terms of the proportion of quality production capacity, coal resource reserves, and technologies and techniques in coal mining, washing, compounding, the Company has distinctive competitive advantages for large-scale coal mines and low-cost. Mining Areas in Pingshuo, Shanxi and Hujierte, Ordos of Inner Mongolia, primarily developed by the Company, are the important thermal coal production bases in the PRC. Xiangning Mining Area in Shanxi where Wangjialing Coal Mine is located is the production base of coking coal of high quality with low sulphur and extra low phosphorus content in the PRC. Jincheng Mining Area in Shanxi where Libi Coal Mine is located is the production base of high-quality anthracite in the PRC. The Company's coal key construction projects have achieved progress smoothly. Projects such as Dahaize Coal Mine and Libi Coal Mine all progress steadily and orderly. It is the professional and sophisticated management mode, the capable and efficient production mode, the scale merit of cluster development, the high-quality and abundant coal resources and coordinated development of the industry chain that constitute the core competitive advantages of the Company in the coal industry.

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

The Company is one of the largest coal traders in the PRC with branches in major coal consumption regions, trans-shipment ports and major coal import regions of the PRC. It has industry-leading proportion of seaborne coal resources in the four northern ports of coal. Capitalizing on its own marketing network of coal sales and logistics system, well-established port service and high-caliber professional teams, the Company is able to provide customers with high-quality services with excellent capabilities for market exploration and distribution.

The Company is a large-scale energy enterprise with the advantages of the whole industry chain for coal business, which is able to engage in manufacturing coal mining equipment, coal mining, washing, preparation and processing, logistics and transportation as well as provision of systematic solution. Under the new situation, the Company has a solid business foundation in expanding the market of intelligent transformation of coal mines and providing energy efficiency improvement and comprehensive energy services for the industry and the society.

The Company insists on innovation-driven growth and becomes the leader of the industry. With the increased investment in research and development, the Company strives to push forward the construction of research and development platform to ensure innovative development. It also strives to carry out the construction of the intelligent coal mines and some of the first group of national intelligent demonstration coal mines, intelligent coal mine and intelligent work interface were constructed within the year. New achievements were made in important technological projects, and the implementation of a batch of national technological projects achieved stage results. Through strengthening the research on key technologies and setting up a special mechanism for key technological projects, the Company made solid progress in two key technological projects, including the "Key Technologies for Rock Burst Prevention and Control in the Areas of Inner Mongolia and Shaanxi". The Company takes a step forward for digital transformation, and the integration of informatization and industrialization enables the business to improve steadily.

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

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

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

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

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

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

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

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

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

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

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2022

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

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

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

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

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

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

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

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

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

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

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

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

Business Performance

VI. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company diligently follows Xi Jinping's thoughts on ecological civilization, further executes of the decisions and deployment of the central government, the State Council, the Ministry of Ecology and Environment, and consciously practices the core vision of green development. The Company has also insisted on green-oriented strategies, relied on green technology, been led by green culture, and exerted great efforts on green mining, clean utilisation and efficient conversion of coal. The Company has continued to optimise the industrial structure and vigorously pursue scientific exploration, efficient use of resources, clean production techniques and ecological environment protection in the mining areas to promote the green development of enterprises.

Promoting green coal development. The Company has established a safe and highly efficient green mining technology system and promoted advanced and practical technical equipment such as mining without coal pillars, mining with small coal pillars and backfill mining, where possible based on the specific conditions, to achieve exploiting coal resources to its fullest extent. The Company has continuously expanded the comprehensive utilisation of mining water and coal gangue and also strived to pursue zero transportation of gangue out of the underground and zero emissions of gangue. The Company continued to carry out ecological restoration and management of mining areas. The Company promoted the construction of green coal-fired units, which have achieved ultra-low emissions under operation, and new coal-fired units are designed and constructed in accordance with ultra-low emissions. In 2021, the Company's recovery rate of mining area of coal mine, 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.

Building green and low-carbon coal chemical projects. The Company insisted on "clean, efficient, low-carbon and circular" green development philosophy, and continued to promote the clean and efficient conversion and utilization of coal in accordance with the development direction of efficiency enhancement and incremental transformation. All coal chemical enterprises have achieved ultra-low emissions from their own coal-fired boilers, and all chemical enterprises in Inner Mongolia have completed the construction of concentrated salt and water salt projects, achieving "zero discharge" of wastewater. The Company completed LDAR testing and rehabilitation of coal chemical as required and accelerated the implementation of key VOCs treatment projects, and standardized management was realized in solid waste. We continued to carry out energy system certification and energy audits, strengthened the management of compliance and target-oriented standards, promoted the construction of leak-free factories, increased technological investment, launched technologies and promoted advanced technologies such as recycling and reuse, which effectively improved coal-based polygeneration levels and added value of products and energy saving and emission reduction targets for major products reached an industry-leading levels.

Developing clean and green electricity. The Company continuously reduced the energy consumption of units, improved resource utilization, and further explored its carbon reduction potential. In accordance with the principles of pit-mouth project establishment, clean and efficient utilisation, recycling and concentrated development, combined with the conditions of resources within the mining area, environmental capacity, and delivery channels, the Company has adopted the advanced power-saving, water-saving and environmentally-friendly power generation techniques. The Company completed the clean production target scheduled in the clean production audit cycle, continuously reduced the energy consumption of the units, improved the utilization rate of resources, significantly increased the on-site transforming ratio of coal and achieved integrated and synergetic development of coal and power integration. The Company actively promoted the flexible transformation of units operation, improved peak and frequency modulation capabilities, and provided services for "building a new power system with new energy", vigorously promoted the comprehensive management of the ecological environment of coal-fired power plants and the transformation of ultra-low emissions, and built new dry coal sheds and ash fields, so as to further enhance the clean and efficient utilisation of coal-fired power. All the Company's utility coal-fired power plants have achieved ultra-low emission.

Promoting the manufacturing of green coal mining machinery. The Company gathered new power, expanded the new business, created new advantages, focused on intelligent construction, built intelligent mines and plants, and produced intelligent high-end coal mining equipment products. The Company focused on products or services such as coal slime flotation, coal dehydration, sewage treatment, and sanitation vehicles powered by new energy, as well as introduced and absorbed advanced technologies to focus on the industrial positioning of clean utilization technology equipment. The Company vigorously expanded clean utilisation and environmental protection industries, consolidated the advantages of residual pressure and heat utilisation and energy management contract, worked under the principles of "source reduction, process management and end treatment" to further reduce the emissions of major pollutants such as chemical oxygen demand (COD), welding fume, VOCs. The Company promoted energy conservation and emission reduction comprehensively to continuously improve the green development level of enterprises. 2 achievements were selected into the "Recommended List for Scientific and Technological Innovation Achievements of Central Enterprises", and 1 achievement was selected as "Outstanding Case of Digital Transformation of State-owned Enterprises".

VII. COMPLIANCE WITH LAWS AND REGULATIONS

During the reporting period, the Company 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 Company 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, Guidance on Establishing Independent Directors System in Listed Companies and Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders. 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 Company'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 Company, 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 Company 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 Company deeply implemented a strategy for harmonious development, continually creating value for employees and customers and maintaining good relationships with suppliers. The Company understands deeply that the development of employees is the key assurance of sustainable development of the Company. Realisation and enhancement of their value would enable the achievement of the Company's overall target. Therefore, suggestions and opinions of our staffs and staff representatives are heard by the Company via various channels, such as the employees' representative conference, employee satisfaction surveys and forums, etc., which enable the Company to offer occupational training, better working environment and conditions, and provide long-term career prospects correspondingly. The Company 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 Company's core competitiveness, the Company 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 2021, the Company did not have any substantial disputes with its suppliers and/or clients.

Capital Expenditure

I. PERFORMANCE OF CAPITAL EXPENDITURE BUDGETED FOR 2021

(1) Capital Expenditure

In 2021, the Company's capital expenditure budget closely focused on four major business segments, namely coal, coal chemical, power generation and coal mining equipment, and consisted of four categories, including infrastructure projects, procurement and maintenance of fixed assets, equity investment and other capital expenditures. The total capital expenditure budgeted for 2021 was RMB11.789 billion, of which RMB9.274 billion or 78.67% was invested during the reporting period.

Performance of Capital Expenditure Budgeted for 2021 (By Item)

Unit: RMB100 million

Items of capital expenditure	**Actual investment in 2021**	Budgeted investment in 2021	Investment percentage (%)
Total	**92.74**	117.89	78.67
Infrastructure projects	**65.25**	82.41	79.18
Procurement and maintenance of fixed assets	**16.84**	24.92	67.58
Equity investment	**2.63**	3.51	74.93
Other capital expenditures	**8.03**	7.05	113.90

Performance of Capital Expenditure Budgeted for 2021 (By Business Segment)

Unit: RMB100 million

Business segment	**Actual investment in 2021**	Budgeted investment in 2021	Investment percentage (%)
Total	**92.74**	117.89	78.67
Coal	**77.84**	90.46	86.05
Coal chemical	**5.67**	12.22	46.40
Power generation	**5.66**	10.58	53.50
Coal mining equipment	**1.53**	2.54	60.24
Other	**2.04**	2.09	97.61

(2) Progress of Key Projects

With a total investment of RMB12.979 billion, Dahaize Coal Mine and auxiliary coal preparation plant project was designed to have a capacity of 15 million tonnes/year. In 2021, the investment was RMB3.616 billion, with the cumulative investment of RMB12.541 billion. The project has been granted approval and has obtained mining rights licenses. Currently, the project's first mining working face has commenced trial operation.

Capital Expenditure

With a total investment of RMB5.746 billion, Libi Coal Mine and auxiliary coal preparation plant project was designed to have a capacity of 4 million tonnes/year. In 2021, the investment was RMB697 million, with the cumulative investment of RMB2.424 billion. The project has been granted approval and has obtained mining rights licenses. Currently, 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 2021, the investment was RMB377 million, with the cumulative investment of RMB718 million. The project has been granted approval. Currently, the project is under construction.

With a total investment of RMB5.013 billion, the Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas was designed to have a capacity of methanol output of 1 million tonnes/year. In 2021, the investment was RMB242 million, with cumulative investment amounting to RMB4.197 billion. Currently, the project has completed construction and commenced operation.

II. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2022

Firmly insisting on the master principles of prioritising stability and making progress amid stability, the Company follows the requirements of high-quality development, while putting the development direction of "efficiency enhancement and incremental transformation" into practice. Driven by technological innovation and anchored on major projects, the Company will arrange capital expenditure for 2022 strictly, and mainly invest in coal, coal chemical and power generation industries.

The Company's capital expenditure budgeted for 2022 is RMB14.708 billion, representing an increase of RMB2.919 billion or 24.76% as compared with that of 2021. Out of the capital expenditure budget stated above, RMB8.364 billion will be invested in infrastructure projects; RMB3.312 billion will be invested in the procurement of fixed assets, small scale construction, renovation and maintenance; RMB489 million will be invested in equity investment; and RMB2.544 billion will be invested in other capital expenditures.

Capital expenditure budget by business segment:

Unit: RMB100 million

Business segment	**Budgeted investment in 2022**	Actual investment in 2021	Increase/decrease in budgeted investment in 2022 compared with actual investment in 2021 (%)	Percentage of total (%)
Total	**147.08**	92.74	58.59%	100.00%
Coal	**101.98**	77.84	31.01%	69.34%
Coal chemical	**9.86**	5.67	73.90%	6.70%
Power generation	**14.78**	5.66	161.13%	10.05%
Coal mining equipment	**4.00**	1.53	161.44%	2.72%
Other	**16.46**	2.04	706.86%	11.19%

The major equity investment projects in 2022 include payment for integrating local coal mines in Pingshuo East Open Pit Mine and capital of Shuozhou Jinshi Energy Transformation Development Fund. In 2022, the Company 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 Company.

According to the development objectives and plan of the Company, the budgeted capital expenditure may be subject to changes in line with the Company'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 Company will make disclosures in a timely manner in accordance with the requirements of the regulatory authorities and the stock exchanges.

III. CORPORATE DEVELOPMENT STRATEGY

By thoroughly riding on the global energy reform trend and following the internal requirement on high-quality development of state-owned energy enterprises, the Company will focus on fostering high-quality development and deepening supply-side structural reform. The Company will fully implement "carbon emissions peak" and "carbon neutrality", while thoroughly execute the new energy safety strategy with "four reforms and one cooperation" as well as fully implement the development directions of the "2035 world top" strategy and "efficiency enhancement and incremental transformation". The Company will build and optimize the four-industry synergy industry structure with the coal industry as the cornerstone, the coal-based clean and efficient conversion and utilization industry and the energy comprehensive service industry as two wings, and new energy and other strategic emerging industries as important growth points. As such, the Company will proactively become a world-class energy enterprise pursuing multi-energy complementation, green and low-carbon business, innovation demonstration and modern governance.

Firstly, coal production and trading industries will be developed steadily. The Company will implement the responsibility of securing the safe and stable domestic supply of coal, continuously deepen coal supply-side structural reform, optimise production and development deployment, foster green and intelligent development, improve product quality and service capability as well as increase marketing scale and market share. By continuously establishing safe, efficient, green, intelligent and model strategic core industries, the Company aims to lead and facilitate high-quality and sustainable development of coal industry in the PRC.

Secondly, the development of clean and low-carbon coal conversion industry will be optimised. Based on the integrated coal, power and chemical industry value chains, the Company facilitates the development of coal power in terms of size, intelligence and cleanliness as well as the development of coal chemical in terms of high-end positioning, differentiation and refinement. The Company will tap the potential and enhance efficiency of its existing projects, deploy new projects in a stable and orderly manner, advance its industry chains to modern level with various measures, foster the transformation of coal from single fuel to fuel and raw materials, and facilitate clean and efficient conversion and utilization of coal.

Capital Expenditure

Thirdly, focus will be placed on the development of clean energy industry complemented by multiple types of energy. Under the development direction of adapting to local conditions, highlighting model cases, multi-energy complementation and various measures, the Company will organise areas with coal, power and chemical industries and other appropriate areas meeting conditions like rich resources, sound construction conditions and market appetite. The Company will comprehensively strengthen resources allocation, proactively establish model projects, accelerate the deployment and establishment of wind power and photovoltaics projects, promote technology reserve and industry implementation such as hydrogen power and power reserve, foster the complement, integration and synergy between new energy and existing major businesses, as well as facilitate energy supply-side and low-carbon transformation.

Fourthly, integrated energy service industry will be transformed and upgraded. By proactively leveraging the important opportunity of establishing the leading modern industry chain by the government, the Company will anchor on equipment manufacturing industry as the core of its chain, utilise integrated energy service as the key model and use other coal-based service business as supplements. The Company will adhere to actions or omissions, fully foster in-depth corporate reform, enhancement of expertise, business resources integration, commercial model innovation as well as internal and external market exploration. Focus will be placed on fostering high-quality development of coal-based industries, energy intelligent equipment and innovation, development of ground and underground resources for coal mines, and provision of comprehensive energy services to formulate model projects. The Company will accelerate its establishment as a energy system solution provider and strive to become the leading enterprise in coal modern industry chain.

Technological Innovations

In 2021, based on the new development stage, China Coal Energy strove to improve the scientific and technological innovation system, intensify the top-level design of scientific and technological innovation, focus on major national strategic needs, enhance the tackling of key technologies, continuously strengthen the ability of scientific and technological innovation, and continuously show its leading efficiency in the industry.

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

The Company deeply implemented the innovation-driven development strategy, comprehensively deepened the reform, and reorganized and established Science and Technology Innovation Department and established Digital Innovation Center. The Company also strengthened top-level design by releasing the "14th Five-Year Plan" for scientific and technological development, and clarified the major direction of scientific and technological innovation in the "14th Five-Year Plan". The Company comprehensively coordinated resources, introduced a series of measures to accelerate scientific and technological innovation, and adhered to the connection between the "Project" and the "Plan". It accelerated the construction of innovation platform, and promoted the construction of professional research institutes and "Digital China Coal". The Company optimised the management of scientific and technological innovation, organised the formulation and revision of a number of scientific and technological innovation management systems conducive to release the momentum of innovation, and "escort" high-quality scientific and technological innovation.

As at the end of 2021, the Company has established an independent, open and integrated R&D system with its main bodies of China Coal and Coal Chemical Research Institute, China Coal Equipment Research Institute, one national energy extraction equipment R&D experimental center, three national enterprise technology centers, two national energy technology equipment evaluation centers, five provincial enterprise technology centers, five provincial engineering research centers, three provincial technological innovation centers, seven nationally recognized laboratories, five postdoctoral research stations, 15 high-tech enterprises, four "mass entrepreneurship and innovation" demonstration bases, China Coal Energy-China Coal Science and Technology Innovation Strategic Cooperation Alliance, China Coal Energy-China University of Mining and Technology Collaborative Innovation Center, etc., which has significantly enhanced its technological R&D capability.

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

First, new steps have been taken in tackling key scientific and technological problems in the intelligent construction of coal mines. The Company organised and implemented a series of intelligent coal mine science and technology projects, realised the application of 5G700MHZ frequency channel for the first time in the domestic coal field, and realised the BIM three-dimensional visual whole life cycle management of coal preparation plant for the first time. Zhongtian Hechuang built the first large mining height intelligent working face of deep rock burst coal seam in China, and the normalised intelligent productivity of Northwest Energy Company exceeded 85%, the Jinggong Coal Mine has built 20 intelligent coal mining working faces (including 16 new ones), 15 intelligent heading working faces and 116 fixed posts, which are unattended; the first *Code for the Construction of Intelligent Open-pit Coal Mines* in China was established, the driverless operation of seven mining trucks was completed, and the technical breakthrough of the first unattended remote-controlled drilling rig in China was promoted.

Second, new achievements have been made in tackling key problems of green and low-carbon technology in coal chemical industry. The "R&D and system application of resource utilisation technology of mine water and chemical wastewater in Inner Mongolia and Shaanxi", organised and implemented by the Company, was successfully demonstrated and applied in the Company's Inner Mongolia and Shaanxi base, which increased the reuse rate of mine water to more than 89%, alleviated the current status of lack of regional water resources, and won the First Prize of Science and Technology Progress in the coal industry. The "Research on advanced treatment and utilisation technology of DMTO purified water", organised and implemented by the Company has reduced the pressure of environmental protection for China Coal Mengda Chemical Company, with an annual efficiency of millions of RMB. The "Research on intelligent control technology of coal gasification device", organised and implemented by the Company, has been successfully applied and demonstrated in the gasifier of China Coal Energy Shaanxi Company, with the automatic control rate reaching 100% and realising the functions of one button load lifting and lowering. The "New complete set of fine slag dehydration and drying technology of coal gasification ash water treatment system", organised and implemented by the Company, realized the resource utilisation of waste slag in China Coal Energy Shaanxi Company. Focusing on the goal of "peak carbon emission and carbon neutralisation", a research agreement was signed with Dalian Institute of Chemical Physics, China Academy of Sciences to study the comprehensive utilisation technology of CO_2 and "green hydrogen" to methanol, and explore a new path for low-carbon development of coal chemical industry.

Third, the research and development of high-end coal machinery equipment has reached a new level. The first set of domestic automatic mining and transportation system integrating supplies transportation, coal winning machine traction and automatic towing has been developed, which has formed a leading advantage in the field of scraper conveying equipment in "two thick and one thin" working face. The 10-meter mining height hydraulic support with independent intellectual property rights has been successfully developed, and many technical targets are internationally leading. The industry's first "mining intrinsically safe 5G integrated communication system" has realised the functions of underground high-speed transmission, 4G/5G integrated call, emergency broadcast and accurate positioning of underground personnel, and helped the construction of smart mines. The projects of "intelligent heterogeneous SGZ1400-5000 conveyor" and "intelligent mining system of fully mechanised mining working face" submitted by the Company were selected into the list of the first major technical equipment projects in the energy field of National Energy Administration in 2021 and the excellent cases of digital transformation of state-owned enterprises by State Owned Assets Supervision and Administration Commission of the State Council in 2020.

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

The annual R&D investment was RMB4,533 million, a year-on-year increase of RMB1,850 million, an increase of 68.95%[Note]. The average enterprise R&D investment intensity of coal production, equipment manufacturing and others reached more than 3.2%. The implementation of 37 major and key scientific and technological projects of the Company were promoted, and the appraisal of 15 provincial and ministerial advanced scientific and technological achievements was completed.

The Company won 16 Technology Progress Prizes from China National Coal Association and six awards as the leading organisation, including one first prize, which was the best achievement in recent five years. A total of 385 patents were applied, including 100 invention patents; 279 patents were granted, among which there were 12 invention patents.

Note: The relevant statistical caliber 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 2021, the Company thoroughly adhered to and further enhanced its standard as a listed company, while continuously optimised information disclosure. Upholding value transmission and valuing market capitalisation management, the number of investor exchange campaigns reached a new high in recent years.

The first is comprehensively exploring communication channels and effectively enhancing investor relations management. Overcoming the impact from the pandemic, the Company continuously made innovation on communication means with investors and service contents while utilising combined channels such as results publication, on-site survey, teleconference, virtual conference, third-party roadshow platforms, capital market forums, consultation hotline, online interactive platforms and IR emails to maintain extensive and active communication and exchange with investors, analysts and institutions. The Company highly values the protection of medium and small investors, and has conscientiously completed various tasks required by regulator. Throughout the year, the Company held 7 briefings about the periodic results, 51 routine receptions of investor on-site survey and various exchange meetings, while participated in 11 capital market forums and strategic meetings with over one thousand attendees. The Company proactively responded to investor concerns through the E-Interaction Platform of the Shanghai Stock Exchange, arranged dedicated staff to respond to investor consultation hotline, replied IR email and replied over a thousand of various enquiries from investors. Six promotion and education campaigns have been completed and 44 articles on investor protection have been published. With the record high number of investor relations campaigns, attendees of seminar and replies and enquiries, the value and promotion of the Company have been effectively enhanced.

The second is taking initiatives to enhance information disclosure quality with strict compliance with regulatory requirements. The Company strictly complied with various regulatory laws and regulations of its listing places, adhered to the principles of being "true, accurate, complete, timely, fair, simple and clear, easy to understand", proactively optimised its information disclosure system, and continuously enhanced the quality of information disclosure. For the convenience of investors, particularly medium and small investors, to fully understand the Company's development strategies, business status and material events, the Company has optimised its periodic report segment, enriched the disclosure contents of regular reports and interim reports, and provided various investors with effective protection on receiving true, accurate and complete information. Throughout the year, about 300 reports of various categories have been issued, and the Company was graded as A (Outstanding) by the Shanghai Stock Exchange for its information disclosure for 12 consecutive years.

The third is actively establishing a long-term mechanism and continuously strengthening market capitalisation management. The Company actively optimised the close-loop management mechanism for investor relations in "disclosure, communication, tracking, feedback", and monitored the performance of its share price from multi-dimensions such as valuation, researches and public opinions. Insisting on raising internal value as the core, the Company enhanced researches on realising corporate value. The Company continued to follow and analyse concerns from the capital market, extensively researched on and understood investors' opinions and suggestions on its operating results, information disclosure and investor relations management, actively commenced studies on market capitalisation management tools, and timely made feedback on capital market concerns to the management of the Company. Throughout the year, over 110 investor relations monthly reports, capital market analysis reports, share price movement analysis reports and news releases were compiled, and over 100 investors' feedback and suggestions were received.

Advancing with no hesitation, in 2022, the Company will continue to put great emphasis on investor communication and information disclosure, while maintaining active communication with investors in an honest, trustworthy, open and fair, multi-channel and multi-tier way, so as to create more value for investors.

Safety, Health, Environmental Protection and Social Responsibility

I. SAFETY PRODUCTION

In 2021, the Company conscientiously implemented the superior department's arrangement for work safety, adhered to the idea of putting life and safety first, took the three-year action of special rectification of work safety as the main line, focused on fundamentally eliminating major hidden dangers and solving deep-seated problems from the source, solidly promoted the modernization of work safety management system and management ability, effectively prevented and resolve major safety risks, steadily improved the level of safety development, and continued to maintain a stable trend of safety production.

First, the Company continuously strengthened the system guarantee capability. The safety cost of RMB1.876 billion was invested. The level of core equipment in the mine was greatly improved. The application of advanced equipment such as kilometer directional drilling rig was popularized. The construction of intrinsically safe enterprises was vigorously promoted, while affiliated coal mines and coal chemical enterprises proactively participated in the pilot construction works as Intelligent Demonstration Mines as well as "industrial Internet + hazardous chemical safety production" to continuously strive to consolidate the foundation for safe production. The Company brought into full play to the role of science and technology in strengthening safety. In doing so, new breakthroughs have been made in tackling a number of safety science and technology problems such as rock burst, and the safety guarantee ability has been effectively improved.

Second, the Company effectively prevented and resolved security risks. It conscientiously implemented the three-year action of special safety rectification, conducted special research, determined the key tasks, and secured the key responsibilities level by level. The Company deepened the construction of dual prevention mechanism, established a safety risk list in line with the principle of "one list for one mine (plant)", and implemented the four-level control responsibilities of mine (plant), department, district team (workshop), team and post one by one, to effectively prevent safety risks. By means of expert consultation and business consultation, key and difficult safety problems were studied and solved, and major safety risks were controlled in advance.

Third, the Company continuously improved the ability of safety management. The Company perfected the safety production responsibility system of all employees, improved the construction of safety responsibility system, and secured the safety responsibility level by level. It innovated the safety supervision system, implemented the vertical management of safety supervision for coal mining enterprises, and improved the efficiency of safety supervision. The Company promoted the construction of safety management system based on safety production standardisation. Thereby, coal mines such as Anjialing mine continued to be rated as first-class safety production standardisation coal mines, coal chemical enterprises such as Mengda Chemical Company have commenced the establishment of tier one safe production standardisation, and Shanghai Thermal Power Plant was accredited as the "tier one power safe production standardisation enterprise" by China Electric Power Enterprise Federation. The Company deepened the quality improvement project, commenced safety education and training in respect of laws, regulations and statutes on safe production, and promoted the enhancement of safety quality for all staff. Establishment of emergency rescue equipment was enhanced to improve emergency rescue capacity.

Fourth, the Company strengthened safety supervision in key periods. The Company organised and carried out a series of activities such as "Warning Campaign in March", "Safe Production Month" and "Hundred-Day Safety", to create a strong atmosphere of safe production. By integrating safe production work at seasonal and key periods, the Company has formulated targeted safe management and control measures, increased the frequency and efforts on safety checks, and fully safeguards the stable and orderly trend for safe production.

II. OCCUPATIONAL HEALTH

Adhering to the "people-oriented and health-first" philosophy and the "prevention-based and prevention and remediation-combined" working approach, the Company continuously improved and optimised its management structure, and perfected the occupational disease prevention and remediation accountability system. By strengthening governance at source and adopting various measures, the Company implemented occupational disease prevention measures and enhanced the efficiency of prevention and remediation. With continuous introduction of new processes and new equipment, repairment and maintenance of the existing protection facilities and improvement of working environment and conditions, occupational diseases hazards were reduced. Through carrying out education campaign regarding occupational disease prevention and advertising knowledge of occupational diseases, the awareness and ability for self-protection among staff were enhanced. The Company regularly inspected occupational disease hazards in work premises and organised annual occupational health inspection for its staff. Personal protection items were distributed to the staffs with secured quality and quantity. The Company continued to set up and optimise its occupational health records and employee health supervision records to identify health hazards and occupational contraindication on a timely manner, which has in turn effectively prevented occupational diseases.

III. ENVIRONMENTAL PROTECTION

In 2021, the Company adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly studied and implemented Xi Jinping's ecological civilization thought, firmly implemented the ecology civilization construction guidelines and policies of the CPC Central Committee and State Council, and resolutely implemented work deployment of Ministry of Ecological and Environment, State Owned Assets Supervision and Administration Commission of the State Council and other ministries. The Company have always adhered to the clean and efficient development and utilization of energy resources as an important way to achieve high-quality development, and ecological and environmental protection as a political and social responsibility that must be fulfilled. We have constantly improved the ecological and environmental protection control system, secured the main responsibilities of ecological and environmental protection level by level, and actively promoted the green development and clean and efficient transformation of coal. We continued to invest in pollution prevention and control and ecological and environmental treatment funds, and, therefore, the main indicators of ecological and environmental protection continued to improve, the ecological and environmental risks were generally controllable, and no environmental emergencies occurred. Seven coal mines were selected into the national list of green mines, and the "Clean Water and Green Mountain Recreated through Mine Reclamation" project in Pingshuo Mining Area was rated as "Excellent Case of Green and Low-carbon of Central Enterprises".

First, the Company continuously strengthened the construction of management and control system. In accordance with the working idea of "strengthening supervision, problem orientation, paying close attention to rectification and strictly controlling risks", the Company has formulated the *Interim Measures for Penalties for Ecological and Environmental Protection* to further consolidate the main responsibility. The affiliated enterprises should formulate relevant environmental protection systems according to the national and local ecological and environmental protection policies and regulations, continuously improve the organization and management, statistical monitoring, assessment, reward and punishment system, and continuously strengthen professional management. The Company broke down and implemented the annual environmental protection objectives and tasks level by level, strictly assessed and reward the implementation of punishments, and effectively improved the management efficiency.

Second, the Company strictly prevented and controlled ecological and environmental risks. The Company's affiliated enterprises which are the major pollutant-dischargers have formulated or revised environmental emergency response measures, and carried out the environmental risk assessment and ecological environmental protection standardisation construction, resulting in the gradual improvement of environmental risk management and control mechanism. The Company kept on promoting environmental risk 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 procedures. Identified issues were managed and rectified in accordance with detailed checklists and schedules specifically made for each issue. The Company strengthened the management and control on the entire process of construction projects. In particular, during the initial stage of projects, the Company 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 environmental risk is basically controllable.

Third, the Company comprehensively strengthened pollution prevention and control. The Company made efforts to strengthen the comprehensive treatment of waste gas, achieve ultra-low emission of all coal-fired boilers in chemical enterprises, actively carry out special actions for the treatment of volatile organic compounds (VOCs), continue to strengthen the comprehensive treatment of fugitive dust in open-pit mines, and accelerate the transformation of fully enclosed coal storage yards. The Company made efforts to promote wastewater treatment in key areas, strengthen the qualitative treatment and utilization of mine water and industrial wastewater, and improve the wastewater treatment capacity and reuse efficiency. The Company focused on strengthening the treatment and comprehensive utilization of solid waste, focused on promoting the demonstration project of underground filling and layer separation grouting of coal gangue, realized the standardized disposal and efficient utilization of coal gangue and fly ash, continued to promote the restoration and treatment of the ecological environment of waste coal gangue dumping and ash storage yard, continuously improved the pollution control equipment and ecological environment treatment capacity, and continuously improved the ecological environment quality of the plant area in the mining area. Positive results have been achieved in pollution control and green development.

Fourth, the Company focused on improving carbon emission management capability. In accordance with the national decision and deployment of "carbon emissions peak" and "carbon neutrality", the Company has optimised its systems and mechanisms in response to climate change, and continued to foster the optimisation, adjustment, transformation and upgrade of industry structure. The Company researched and determined the general idea, goals, management structure and business system for carbon emission management, and organised and commenced the relevant trainings. The Company commenced actual testing on key parameters for carbon emissions from its coal power generation plants, and underwent carbon emission inspection on its power and coal chemical enterprises. Fundamental data was collected pursuant to the requirements of the national assessment and calculation guidelines on carbon emission to optimise relevant accounts. With the preliminary establishment of its carbon emission management structure, the Company's carbon emission management capability has been steadily enhanced.

IV. SOCIAL RESPONSIBILITY

Details of social responsibilities are set out in the Environment, Social and Governance Report published by the Company 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	57	May 2021	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	0	Yes
Li Yanjiang★	Chairman, Executive Director	Male	64	October 2018	March 2021	0	0	0	–	0	Yes
Peng Yi	Vice Chairman, Executive Director (performs the duties of the President)	Male	59	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	0	Yes
Du Ji'an★	Non-executive Director	Male	60	October 2018	September 2021	0	0	0	–	0	Yes
Zhao Rongzhe	Non-executive Director	Male	56	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	0	Yes
Xu Qian	Non-executive Director	Male	41	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	0	Yes
Zhang Ke	Independent Non-executive Director	Male	68	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	30	No
Zhang Chengjie●	Independent Non-executive Director	Male	68	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	9	No
Leung Chong Shun	Independent Non-executive Director	Male	56	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	30	No
Wang Wenzhang	Shareholder Representative Supervisor	Male	57	October 2018	Till the termination date of the terms of office of the fourth session of the Supervisory Committee	0	0	0	–	94.96	No
Zhou Litao★	Shareholder Representative Supervisor	Male	61	October 2018	May 2021	0	0	0	–	0	Yes
Zhang Shaoping	Employee Representative Supervisor	Male	57	October 2018	Till the termination date of the terms of office of the fourth session of the Supervisory Committee	0	0	0	–	94.62	No
Zhang Qiaoqiao	Shareholder Representative Supervisor	Female	49	May 2021	Till the termination date of the terms of office of the fourth session of the Supervisory Committee	0	0	0	–	41.94	No
Pu Jin★	Vice President (performs the duties of the President)	Male	61	October 2018	April 2021	0	0	0	–	52.40	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
Chai Qiaolin	Chief Financial Officer	Male	53	October 2018	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	105.05	No
Ni Jiayu◆	Vice President	Male	50	October 2018	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	91.54	No
Yi Baohou▲	Secretary to the Board and Company Secretary	Male	58	March 2019	October 2021	0	0	0	–	89.24	No
Jiang Qun	Secretary to the Board and Company Secretary	Male	51	October 2021	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	12.46	No
Total	/	/	/	/	/	0	0	0	/	651.21	/

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. Li Yanjiang, Mr. Du Ji'an, Mr. Zhou Litao and Mr. Pu Jin resigned in March, September, May and April 2021, respectively, due to retirement.

4. ●Independent non-executive Director who has left the current office as head of central state-owned enterprises in the PRC shall receive standard work subsidies of RMB90,000.

5. ▲Mr. Yi Baohou resigned in October 2021 due to change of his work.

6. ◆Distribution ratio of performance-based salaries for this year is 70% (the remuneration listed above include deferred performance-based salaries from the previous year).

At the end of the reporting period, the Company had two executive Directors, two non-executive Directors and three independent non-executive Directors. Other than the working relationship in the Company, there was no other relationship between any of the Directors, Supervisors or senior management of the Company in respect of finance, business and family or in other material aspects. The Company has received an annual confirmation letter from each of the independent non-executive Directors regarding their independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. As of the date of this report, the Company considers that all the independent non-executive Directors are independent pursuant to the Hong Kong Listing Rules.

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 and the Executive Director and Chairman of the Fourth Session of the Board of the Company. He is currently the Secretary of the Party Committee and Chairman of China National Coal Group Corporation and Vice Chairman of China Coal Industry Association. He graduated from 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 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 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 long been engaged in the coal and power industry, and has extensive experience in corporate strategic planning, operation and management, etc.

2. **Peng Yi**, born in 1962, is the Deputy Secretary of Party Committee, Executive Director and Vice Chairman of the Fourth Session of the Board of the Company, performing the duties of the President. He currently serves as the Deputy Secretary of Party Committee, a Director and the General Manager of China Coal Group, and Chairman of Zhongtian Hechuang Energy Company Limited. Mr. Peng graduated in July 1984 from Wuhan Construction Material Industry Institute (currently known as Wuhan University of Technology) with a Bachelor's Degree in water supply and drainage project, obtained a Master's Degree in Business Administration (MBA) from Wuhan University in June 1999 and obtained a Doctoral Degree in economics from Wuhan University of Technology in 2011. Mr. Peng is also a Senior Accountant, a Senior Engineer and a Coal Industry Senior Professional Manager, and is entitled to special government allowance granted by the State Council. Mr. Peng was the Head of the Design Department of Central-South Architectural Design Institute, the Deputy Principal of Shenzhen Branch of Central-South Architectural Design Institute, the Head of the Finance Department of Central-South Architectural Design Institute, the Executive Director of Wuhan High-Tech Venture Development Co., Ltd., the Assistant to General Manager and Deputy Chief Economist of Wuhan Kaidi Electric Power Company Limited, the Deputy General Manager, Chief Economist and Finance Manager of Wuhan Kaidi Electric Power Company Limited, Chairman of the board of directors of Wuhan Kaidi Lantian Technology Company Limited, the Vice General Manager of China Coal Group, the Executive Director, Executive Vice President of the First Session of the Board and Chief Financial Officer of the Company, an Standing Member of Party Committee and the Chief Accountant of China Coal Group, Vice Chairman and Non-executive Director of the Second Session of the Board of the Company, and Vice Chairman and Non-executive Director of the Third Session of the Board of the Company. Mr. Peng has extensive experience in corporate management, capital operation and financial management.

3. **Zhao Rongzhe**, born in 1965, is a Non-executive Director of the Fourth Session of the Board and the Standing Member of Party Committee of the Company. He is currently a Standing Member of Party Committee and Chief Accountant of China Coal Group, the Chairman of China Coal Finance Co., Ltd., Vice Chairman of the Council of China Coal Economy Research and a Director of Chinese Association of Chief Accountants. Mr. Zhao obtained a Bachelor's Degree in Economics from China University of Mining and Technology majoring in financial accounting 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 Headquarters Management Department and Deputy Chief Accountant of China Coal Group. Mr. Zhao was a Supervisor of the Third Session of the Supervisory Committee of the Company. Mr. Zhao has been engaged in the coal industry for a long time and has extensive experience in corporate financial management and capital operations.

Directors, Supervisors, Senior Management and Employees

4. **Xu Qian**, born in 1980, is a Non-executive Director of the Fourth 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 experience in the energy and chemical industries.

5. **Zhang Ke**, born in 1953, is an Independent Non-executive Director of the Fourth Session of the Board of the Company, and is currently the Founding Partner of special general partner of Shine Wing Certified Public Accountants Company Limited, the Chairman of Shinewing Management and Consulting Company Limited and Shinewing (Beijing) International Investment Management Co., Ltd. (信永中和(北京)國際投資管理有限公司), and an Independent Director of HC360. com Ltd. (慧聰網有限公司), CITIC Press Group Co., Ltd. and China Construction Technology Group Co., Ltd. Mr. Zhang is currently also the Chief Supervisor of Beijing Association of Forensic Science. Mr. Zhang obtained a Bachelor's degree in economics from the Industrial Economics Department of Renmin University of China in 1982. Mr. Zhang is a Certified Public Accountant and a Senior Accountant. Mr. Zhang served as the Department Manager of China International Economics Consultants Co., Ltd., the Deputy Executive Officer of Zhongxin Accountants Firm, the Deputy General Manager of Zhongxin Yongdao Accountants Firm, the Partner of Coopers & Lybrand International, the General Manager of Zhongxin Yongdao Accountants Firm, and the Deputy Executive Director of Coopers & Lybrand (China). He was an Independent Non-executive Director of the Company from August 2006 to February 2013 and was an Independent Non-executive Director of the Third Session of the Board of the Company. Mr. Zhang has 30 years of experience in corporate strategic planning, financial planning, property right and asset restructuring, mergers and acquisition, and integration of organisational and management structures. He also has extensive experience in dealing with internal and external auditors regarding the supervision of internal control and the auditing of financial statements.

Directors, Supervisors, Senior Management and Employees

6. **Zhang Chengjie**, born in 1953, is an Independent Non-executive Director of the Fourth 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 University 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 Third 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.

7. **Leung Chong Shun**, born in 1965, is an Independent Non-executive Director of the Fourth Session of the Board of the Company, the Partner of Woo Kwan, Lee & Lo. and the Independent Director of SSY Group Limited, China Medical System Holdings Limited and Min Xin Holdings Limited. He served as an Independent Non-executive Director of China National Material Company Limited, China Communications Construction Company Limited and China Metal Recycling (Holdings) Limited as well as an Independent Non-executive Director of the Third Session of the Board of the Company. Mr. Leung is a permanent resident of the Hong Kong Special Administrative Region. He graduated from the University of Hong Kong where he obtained a Bachelor's Degree in laws with honours. He is qualified as a solicitor in Hong Kong and England. Mr. Leung became a practicing lawyer in 1991, and served as the Chief Representative of Woo Kwan, Lee & Lo. Beijing Office. Mr. Leung is currently a China-appointed Attesting Officer. Mr. Leung is familiar with corporate finance, M&A and IPO legal services. He has been involved in various listing and acquisition transactions of many Chinese H Share companies and red chip companies.

(2) Supervisors

1. **Wang Wenzhang**, born in 1964, is a Supervisor (Convener) of the Fourth Session of the Supervisory Committee of the Company. He currently serves as the General Manager of the Audit Department of China Coal Group, the Manager of the Audit Department of the Company, the Deputy Director Member of the China Accounting Standards Advisory Committee of the Ministry of Finance of the PRC, an External Instructor for MBA of the University of International Business and Economics, Guest Instructor of the School of Accountancy of Central University of Finance and Economics, an External Instructor of the School of Accounting of Capital University of Economics and Business, a Specialist in credit (financial management) of China Association of Construction Enterprise Management, a Director of China Internal Audit Association, a member of the Senior Accountant Specialized Technique Qualification Evaluation Committee of Government Offices Administration, the Chairman of Supervisory Committee of China Coal Finance Company Limited, the Chairman of Supervisory Committee of Huajin Coking Coal Company Limited, the Chairman of Supervisory Committee of China Coal Assets Management Group Co., Ltd. and the Chairman of Supervisory Committee of Shanghai Datun Energy Resources Company Limited. Mr. Wang graduated from Anhui University of Finance and Economics with a Bachelor's Degree in Economics in 1995, and obtained a Postgraduate Diploma in in Economics in Party School of the Central Committee of C.P.C in 2013. Mr. Wang is a Senior Accountant and National Accounting Leader. He was awarded as the National Advanced Accounting Work Individual, and is entitled to special government allowance granted by the State Council. He was also CFO for the Year 2014 in China, National Advanced Individual of Accounting Work for 2015 and China International Financial Excellence Talent for 2015. 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 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 Third Session of the Supervisory Committee of the Company. Mr. Wang is familiar with corporate management, finance, accounting, auditing, etc. and has rich accounting and audit practice experience.

2. **Zhang Shaoping**, born in 1964, is the Employee Representative Supervisor of the Fourth Session of the Supervisory Committee of the Company and currently the full-time Director of second-tier enterprise of China Coal Group, a Director of Shanghai Datun Energy Resources Company Limited, a Director of China Coal Xinji Energy Co., Ltd., a Director of China National Coal Mining Equipment Company Limited and the Chairman of the Supervisory Committee of China Coal Pingshuo Development Co., Ltd. He graduated from Hebei University of Engineering (formerly Hebei Coal Construction Engineering College) majoring in industrial and civil construction in July 1986, and obtained a Bachelor's Degree in engineering. Mr. Zhang is a Senior Engineer, Senior Administration Engineer and Senior Professional Manager of the coal industry. He served as a staff of Beijing Coal Planning and Design General Institute, staff and Chief Staff Member of China Unified Distribution Coal Mine Corporation, Chief Staff Member and Assistant Researcher of Policy and Regulation Department of the Ministry of Coal Industry, the Deputy Director of the Office of China National Coal Sales and Transportation Corporation, the Deputy Director and Director of Party Committee Office and Director of Party Committee Work Department of China National Coal Industry Import and Export Group Corporation, the Director of Party Committee Work Department of China Coal Group, the Secretary of Party Committee, Deputy General Manager, Executive Director and General Manager of China National Coal Development Company Limited, the Employee Representative Supervisor of the Second Session of the Supervisory Committee and the Employee Representative Supervisor of the Third Session of the Supervisory Committee of the Company. Mr. Zhang has worked in the coal industry for an extensive period and has full understanding of the coal industry and rich experience in business management.

3. **Zhang Qiaoqiao**, born in 1972, is a Supervisor of the Fourth Session of the Supervisory Committee of the Company. She is currently the General Manager of the Legal Affairs and Compliance Department of China Coal Group and the General Manager of the Legal Affairs and Compliance Department of the Company. 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 Degree 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 National Coal Group Corporation, the Deputy Office Chief in the Legal Affairs Department of China National Coal Group Corporation, the Office Chief in the Legal Affairs Department of China National Coal Group Corporation, the General Manager in the Legal Affairs Department of China National Coal Group Corporation and the Manager in the Legal Affairs Department of China Coal Energy Company Limited. Ms. Zhang has engaged in corporate legal affairs for an extensive period, and possesses rich experience in domestic and foreign corporate trading and other legal consultation works.

(3) Senior Management

1. **Peng Yi,** born in 1962, is the Deputy Secretary of Party Committee, Executive Director and Vice Chairman of the Fourth Session of the Board of the Company, performing the duties of the President. Please refer to the section of Directors' biographies for details.

2. **Chai Qiaolin**, born in 1968, is the Chief Financial Officer and a member of Party Committee of the Company. Mr. Chai currently serves as a member of the Discipline Inspection Committee of China Coal Group, a Director and the General Manager of China Coal Finance Co., Ltd. and a Director of China Coal Property Insurance Co., Ltd. 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 previously served as the Deputy General Manager in the Financial Management Department of China Coal Group, the Deputy Manager and Manager of the Financial Department of the Company, and the Deputy Chief Accountant of the Company. Mr. Chai has over 25 years of extensive experience in financial work in state-owned enterprises as well as over 10 years of experience in capital operation and financial management in listed companies.

3. **Ni Jiayu**, born in 1971, is the Vice President and a member of Party Committee of the Company. He currently serves as a member of Party Committee of China Coal Group, the Secretary of Party Committee and Chairman of China National Coal Mining Equipment Company Limited, the General Manager of Equipment Affairs Department of the Company and the Vice Chairman of China Coal Education Association. 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. He 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 of Ordos City (secondment). 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.

Directors, Supervisors, Senior Management and Employees

4. **Jiang Qun**, born in 1970, is the Secretary to the Board of the Company and the Company Secretary. He currently serves as the director of the executive office (Party Committee office) of China Coal and the director of the executive office of the Company. 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 general financial management department of China Coal Group, the vice manager of investor relations department of China Coal Energy Company Limited, the director of the Secretariat to the Board of China Coal Energy Company Limited, the manager of the investor relations department of China Coal Energy Company Limited, the director of the Board office of China Coal Group, the director of the securities affairs department and the securities affairs representative of China Coal Energy Company Limited, the director of executive office and the director of the Party & Mass affairs department (Party Committee office and labor union office) of China Coal Group, the director of executive office of China Coal Energy Company Limited, 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 2021, the total remunerations for Directors, Supervisors and senior management of the Company was RMB6,512,100 (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 of the Supervisory Committee 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.

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

Name	Position Held	Changes	Reasons for Change
Wang Shudong	Chairman, Executive Director	Election	Elected in 2020 annual general meeting
Li Yanjiang	Chairman, Executive Director	Resignation	Resigned in March 2021 due to retirement
Peng Yi	Vice Chairman (performs the duties of the President)	Employment	Approved at 2021 second meeting of the fourth session of the Board. Temporarily performs the duties of the President from April 2021
Du Ji'an	Non-executive Director	Resignation	Resigned in September 2021 due to retirement
Zhou Litao	Shareholder Representative Supervisor	Resignation	Ceased to perform the duties of the Supervisor in May 2021 due to retirement
Pu Jin	Vice President (performs the duties of the President)	Resignation	Resigned in April 2021 due to retirement
Yi Baohou	Secretary to the Board and Company Secretary	Resignation	Resigned in October 2021 due to work change
Jiang Qun	Secretary to the Board and Company Secretary	Employment	Employed at 2021 fifth meeting of the fourth session of the Board
Zhang Qiaoqiao	Employee Representative Supervisor	Election	Elected at 2020 annual general meeting

V. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

	Number of persons
Number of current employees in the Company	439
Number of current employees in major subsidiaries	27,072
Total number of current employees	45,474
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	28,422
Sales Staff	1,026
Technical Staff	9,209
Financial Staff	863
Administrative Staff	3,256
Other Staff	2,698
Total	45,474

Education Level

Education level by type	Number of persons
Postgraduate or above	1,274
Undergraduate	13,659
Technical College or below	30,541
Total	45,474

VI. REMUNERATION POLICY

In terms of employee compensation strategy, the Company keeps optimising its remuneration management system and strengthens target-oriented and positive motivation to strive for excellence and facilitate high-quality development. The Company will continue to deepen the reform of revenue allocation system and optimise revenue distribution structure to motivate talents with remuneration and incentives. Firstly, the Company insists on differentiated implementation of policies, proactively establishes diversified aggregate salary management methods, while optimises the remuneration management system to adapt to the labour market and orient on position values and performance and contribution. Secondly, the Company strengthens positive motivation, establishes "2+2" high-quality development and transforms and develops a positive incentive mechanism praising model examples to help accomplishing the goal of high-quality development. Thirdly, the Company upholds reform and innovation, and orderly commences various long and medium term incentives. By continuously promoting a more in-depth and thorough revenue distribution reform, the Company implements a policy leaning on key positions such as core technological research personnel and frontline production staff to maintain a continuous and steady growth of income among its staff and effectively motivate talents.

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 68,000 employees at all levels of the Company 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)	38,674,000
Total amount of remunerations paid for outsourcing (RMB thousand)	1,833,377

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 2021 prepared in accordance with the IFRS.

I. PRINCIPAL OPERATIONS

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

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

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

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

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

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

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

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

IV. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, to the knowledge of the Directors, Supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, the interests 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	7,605,207,608	A Shares	N/A	Beneficial owner	83.10	57.36
Funde Sino Life Insurance Co., Ltd.	2,012,858,147	H Shares	Long position	Interest of controlled corporation by substantial shareholders	49.01	15.18

Note: The information disclosed is based on the information provided on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk)

Save as disclosed above, as at 31 December 2021, to the knowledge of the Directors, Supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, 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 2021, 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 2021, 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 2021, save as Mr. Wang Shudong, Mr. Peng Yi, Mr. Zhao Rongzhe, Mr. Xu Qian, Mr. Wang Wenzhang, Mr. Zhang Shaoping 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 and the (continuing) connected transactions as disclosed in this report, for the year ended 31 December 2021, none of the Directors or Supervisors or their related entities was materially interested, whether directly or indirectly, in any transactions, arrangements or contracts of significance for the businesses of the Company 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 2021 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 2021, 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 Company.

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

For the year ended 31 December 2021, 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 Company for the year ended 31 December 2021 are set out in the notes to the audited financial statements for the year.

XII. DONATION

For the year ended 31 December 2021, the Group donated a total of RMB6,890,000 for charity and other donation purposes.

XIII. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2021 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 Company 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 2021, total values (not of a capital nature) of the contracts entered into between the Company and its top five suppliers accounted for less than 30% of the total values of the goods the Company purchased. During the year ended 31 December 2021, total values of the contracts entered into between the Company and its top five customers in aggregate also accounted for less than 30% of the total amount of revenue and other income of the Company.

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 Group.

XVII. CONNECTED TRANSACTIONS

The followings are the main connected transactions of the Company during the year of 2021:

(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 Company, and such transactions can prevent potential competition between coal products of the Company and those of China Coal Group, and enable the Company 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 Company. Such transactions facilitate the expansion of the Company'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 Company and Shanxi Coking, the substantial shareholder of China Coal Huajin Company, which is a significant subsidiary of the Company. Such transactions facilitate the Company in obtaining stable coal product supply, coal mine construction and related service at a market price and are conducive to the reduction in uncertainties and transaction costs during the transaction process of the Company. The transactions under these agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The terms of the relevant connected transaction agreements, the annual caps for and the actual amount incurred in 2021 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 subsidiaries to the Company. 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 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 2021, the annual cap for the fees payable to China Coal Group and its subsidiaries (excluding the Company) by the Company for the procurement of coal products produced from the coal mines owned by China Coal Group and its subsidiaries (excluding the Company) by the Company for 2021 was RMB10.7 billion, and the actual amount incurred was RMB5. 972 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 Company) shall supply the Company (i) production materials and ancillary services, including raw materials, ancillary materials, transporting, 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 Group shall supply China Coal Group and its subsidiaries (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. The details are set out in the announcements of the Company dated 28 April 2020, 16 June 2020 and 27 October 2021 and the circular of the Company dated 29 April 2020.

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 relevant market price; and where comparable market price rate is unavailable, the agreed price shall be adopted. The agreed price is determined with reference to "reasonable costs plus a reasonable profit margin".

For the year ended 31 December 2021: (1) the annual cap for the provision of raw materials and ancillary services and social and support services to the Company by China Coal Group and its subsidiaries (excluding the Company) for 2021 was RMB6.8 billion and the actual amount incurred was RMB5.523 billion; (2) the annual cap for the provision of raw materials and ancillary services and coal export-related services to China Coal Group and its subsidiaries (excluding the Company) by the Company for 2021 was RMB3.8 billion and the actual amount incurred was RMB3.649 billion.

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

On 28 April 2020, the Company entered into 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 Company) shall provide project design, construction and general contracting services to the Company, and take up projects subcontracted by the Company. 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 and finalising the suppliers and prices of the services. China Coal Group and its subsidiaries 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 2021, the annual cap for the transactions in relation to provision of project design, construction and general contracting services by China Coal Group and its subsidiaries (excluding the Company) to the Company was RMB5.8 billion, and the actual amount incurred was RMB3.423 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 adjust 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 2021, the annual cap in respect of property rentals paid by the Company to China Coal Group and its subsidiaries (excluding the Company) in respect of the structures and properties leased was RMB280 million, and the actual rental incurred was RMB97 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 have agreed to lease to the Company 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 2021, the annual cap in respect of the land use rights rental paid by the Company to China Coal Group and its subsidiaries (excluding the Company) was RMB380 million, and the actual rental incurred was RMB50 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 2021, the annual cap 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 Company) and associates of China Coal Group was RMB8.5 billion, and the actual maximum daily balance incurred was RMB6.200 billion.

7. Coal and Coal Related Products and Services Supply Framework Agreement between the Company 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 announcement 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 2021: (1) the annual cap in respect of the coal and coal related products purchased and services accepted by the Company from Shanxi Coking Coal Group was RMB500 million, and the actual amount incurred was RMB16 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 Company was RMB2.8 billion, and the actual amount incurred was RMB854 million.

The Company's auditor was engaged to report on the Company'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 Company on pages 71 to 75 of the Annual Report in accordance with Hong Kong Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the HKSE.

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 Company'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 Company as a whole.

The Company has confirmed that the specific agreements under the continuing connected transactions for the year ended 31 December 2021 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Non-continuing Connected Transactions

Acquisition of Assets and Production Capacity Quota

On 27 October 2021, Pingshuo Group, a subsidiary of the Company acquired the 100% equity interest held by China Coal Group in Pingshuo Industrial Group at the transaction amount of RMB1,408,863,200. Currently, the aforesaid acquisition has been completed. For details, please refer to the relevant announcement of the Company published on the websites of the SSE, the HKSE and the Company on 27 October 2021.

On 27 October 2021, Pingshuo Group, a subsidiary of the Company acquired 1.26 million tonnes/annual capacity replacement quota of Xishahe Coal Mine from Shanxi China Coal Xishahe Coal Company Limited at the transaction amount of RMB144.9 million. Currently, the aforesaid acquisition has been completed. For details, please refer to the relevant announcement of the Company published on the websites of the SSE, the HKSE and the Company on 27 October 2021.

On 17 December 2021, China Coal Sales Company, a subsidiary of the Company acquired the 56% equity interest held by China Coal Group in Jingmin Industrial and Trading Company at the transaction amount of RMB135,677,500. Currently, the aforesaid acquisition has been completed. For details, please refer to the relevant announcement of the Company published on the websites of the SSE, the HKSE and the Company on l7 December 2021.

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 in 2014 held on 13 May 2014. For details, please refer to the relevant announcements 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 Company or could no longer be injected into the Company, 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 COMPANY AND RELEVANT STRATEGIES AND MEASURES

(1) Risks of Fluctuation in Macro Economy

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

(2) Risks of Fluctuation in Product Prices

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

(3) Risks of Safe Production

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

(4) Risks of Project Investment

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

(5) Risks of Environmental Protection

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

(6) Risks of Rising Costs

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

(7) Risks of Foreign Exchange Rate

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

XX. SIGNIFICANT EVENTS

(1) Share Capital Structure

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

Unit: Share(s)

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

(2) Distribution of Final Dividends for 2020

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

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

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

The Articles of Association and the Rules of Procedures of the Board of the Company were amended in 2021, which have been considered at the 2021 fifth meeting of the fourth session of the Board held on 27 October 2021, which will become effective upon consideration and passing by the general meeting of the Company.

(4) Transaction of Assets

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

(5) Other Significant Events

Nil.

XXI. MATERIAL LEGAL PROCEEDINGS

As at 31 December 2021, the Company was not involved in any material litigations or arbitrations, and to the best knowledge of the Company, there was no pending, threatened or ongoing material litigation or claim against the Company as at 31 December 2021.

XXII. AUDITORS

On 11 May 2021, the annual general meeting of the Company for 2020 approved the engagement of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu 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 2021. The auditors of the Company have been remained unchanged for the past five years.

XXIII. 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 2021.

XXIV. RESERVES

Details of changes in the reserves of the Company 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 2021, reserves available for distribution by the Company in accordance with the relevant laws and regulations of the PRC were RMB27.255 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.

XXVI. FINANCIAL SUMMARY

The summary of the Company'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 2021 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
24 March 2022

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

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. The Supervisory Committee has conducted supervision over the major decision-making, financial reports, connected 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, thereby completing the work of the Supervisory Committee well in 2021.

I. DETAILS OF MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date of Meeting	Newspaper for information disclosure of the resolution
First meeting for 2021 of the fourth session of the Supervisory Committee	24 March 2021	China Securities Journal, Securities Daily
Second meeting for 2021 of the fourth session of the Supervisory Committee	22 April 2021	Shanghai Securities News, Securities Times
Third meeting for 2021 of the fourth session of the Supervisory Committee	25 August 2021	–
Fourth meeting for 2021 of the fourth session of the Supervisory Committee	27 October 2021	Shanghai Securities News, Securities Times
Fifth meeting for 2021 of the fourth session of the Supervisory Committee	17 December 2021	Shanghai Securities News, Securities Times

During the reporting period, the Supervisory Committee convened five on-site meetings, at which resolutions in relation to the Company's 2020 annual report and financial report, the quarterly reports and interim report for 2021 and connected transactions were considered and approved. The Supervisory Committee also listened to reports in relation to managing and controlling material risks of the Company in 2021.

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

In 2021, the Company adhered to the general principle of making progress amid stability, organised safety and development, actively putting the development direction of enhancing efficiency for inventories and transforming with increased production volume into practice, established a industry deployment for high quality development, further progressed reform and innovation, with operating results reaching new high again. The Supervisory Committee is satisfied with the Company's accomplishments.

III. INDEPENDENT OPINIONS GIVEN BY THE SUPERVISORY COMMITTEE IN RESPECT OF THE FOLLOWING ISSUES OF THE COMPANY IN 2021

(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 connected transactions of the Company such as the acquisition of 100% equity interest in Pingshuo Industrial Group and the capacity replacement quota of Xishahe Coal Mine. 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 Social Responsibility Report

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

(6) 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 2022, 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
24 March 2022

Corporate Governance Report

During the reporting period, the Company 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

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

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 and the Corporate Governance Report in Appendix 14 of the Hong Kong Listing Rules. For the year ended 31 December 2021, 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 10 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 2021.

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
2020 annual general meeting	11 May 2021	The websites of the SSE, the HKSE and the Company

Shareholders' General Meeting:

A total of ten resolutions including resolutions on the Company's directors' report for 2020 and supervisory committee's report for 2020 were considered at the 2020 annual general meeting.

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 2021, 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.

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. Besides, Mr. Peng Yi and Mr. Zhao Rongzhe also participated in the themed training for listing companies controlled by state-owned enterprises organised by the China Association for Public Companies and the training for directors and supervisors of listed companies located in Beijing jurisdiction during the reporting period.

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.

Corporate Governance Report

(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 by proxy	Absence	Absent at two meetings in a row	Attendance/ Number of general meeting required
Wang Shudong	No	2/4	2	0	No	0/0
Peng Yi	No	5/6	1	0	No	0/1
Du Ji'an	No	4/4	0	0	No	1/1
Zhao Rongzhe	No	5/6	1	0	No	1/1
Xu Qian	No	6/6	0	0	No	1/1
Zhang Ke	Yes	6/6	0	0	No	1/1
Zhang Chengjie	Yes	6/6	0	0	No	1/1
Leung Chong Shun	Yes	6/6	0	0	No	0/1

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.

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

In 2021, the Board convened a total of six meetings, at which all the resolutions were passed after consideration. Details of the meetings are as follows:

1. The first meeting for 2021 of the fourth session of the Board convened on 24 March 2021 considered the resolutions in relation to the Annual Report for 2020 of the Company and its summary, Annual Results Announcement for 2020, Directors' Report for 2020 of the Company, Financial Report for 2020 of the Company, Proposed Profit Distribution Plan for 2020 of the Company, Production and Operation Plan for 2021 of the Company, Capital Expenditure Plan for 2021 of the Company, Financial Plan for 2021 of the Company, Appointment of Auditors for Review of the Interim Financial Report for 2021 and Audit of the Annual Financial Report for 2021, Remunerations of the Directors and Supervisors of the Company for 2021, Assessment Report Regarding Internal Control for 2020 of the Company, Social Responsibility Report for 2020 of the Company, Election of Executive Directors of the Company, Application for Change in the Undertaking on Avoiding Horizontal Competition by the Controlling Shareholder upon Expiry, and Convening of the Annual General Meeting. The reports in regard to the performance of the capital expenditure plan for 2020 and the implementation of resolutions of the Board of the Company for 2020 were heard at the meeting.

2. The second meeting for 2021 of the fourth session of the Board convened on 22 April 2021 considered the resolutions in relation to the first quarterly report for 2021 of the Company, operational performance assessment indicators of senior management for 2021 of the Company, temporary performance of the duty of president by Comrade Peng Yi, adjustment of the annual caps for certain continuing connected transactions of the Company for the years from 2021 to 2023, and transfer of real estates and other assets by the Company's Xinjiang Branch to China Coal Group Xinjiang Energy Co., Ltd. The reports in regard to the overall situation of audit work, audit status of key units and projects in 2020 and key audit plans in 2021, safety and health work completion progress for 2020 and work arrangement for 2021, environmental protection and energy conservation work completion progress for 2020 and key work arrangement for 2021 were heard at the meeting.

3. The third meeting for 2021 of the fourth session of the Board convened on 11 May 2021 considered the resolutions in relation to the election of the chairman of the Company and adjustment of the members of certain special committees of the Board of the Company.

4. The fourth meeting for 2021 of the fourth session of the Board convened on 24 August 2021 considered the resolution in relation to the interim report for 2021 of the Company.

5. The fifth meeting for 2021 of the fourth session of the Board convened on 27 October 2021 considered the resolutions in relation to the third quarterly report for 2021 of the Company, acquisition by Pingshuo Group of the 100% equity interest held by China Coal Group in Pingshuo Industrial Group Co., Ltd., abandonment by the subsidiary of the proportional increase in capital of China Coal Pingshuo Development Group Co., Ltd., purchase of capacity replacement quota by East Open Pit Coal Mine of Pingshuo Group, amendment to the Articles of Association, amendment to several procedures of the Company, and adjustment of the annual caps for certain continuing connected transactions of the Company for the years from 2021 to 2023 and the appointment and removal of senior management of the Company. The report in relation to material risk management and control of the Company for 2021 was heard at the meeting.

6. The sixth meeting for 2021 of the fourth session of the Board convened on 17 December 2021 considered the resolutions in relation to the remuneration payment plan of senior management of the Company for 2020, annual base salary plan for senior management of the Company for 2021, and acquisition by China Coal Sales Company of 56% equity interest held by China Coal Group in Jingmin Industrial and Trading Company.

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

There are currently three independent non-executive Directors in the Board. The Work System 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.

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 System of Independent Non-Executive Directors and the Annual Report Work Rules of Independent Non-Executive Directors. Independent Directors performed their duties independently and attended relevant meetings in 2021, 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.

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.

(3) Implementation of Resolutions Passed at the Shareholders' General Meetings by the Board in 2021

No.	Shareholders' General Meeting	Subject Matter	Status
1	2020 annual general meeting	To approve the appointment of external auditors for 2021	Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were appointed as auditors of the Company to review the interim financial report and audit the annual financial report for the year of 2021 in accordance with PRC GAAP and IFRS respectively.
2	2020 annual general meeting	To approve the profit distribution plan for 2020	The final dividends for 2020 were distributed to holders of A Shares and H Shares of the Company in June and July 2021 respectively.

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

As of 31 December 2021, there are five special committees under the Board, details of which are set forth below:

	Fourth Session	
Special Committees	**Chairman**	**Members**
Strategic planning committee	Wang Shudong	Peng Yi, Xu Qian, Zhang Chengjie
Nomination committee	Zhang Chengjie	Wang Shudong, Zhang Ke
Safety, health and environmental protection committee	Peng Yi	Leung Chong Shun
Audit and risk management committee	Zhang Ke	Zhao Rongzhe, Xu Qian, Zhang Chengjie, Leung Chong Shun
Remuneration committee	Leung Chong Shun	Zhang Ke

(1) Strategic Planning Committee

The strategic planning committee comprises two executive Directors, one non-executive Director and one independent non-executive Director. 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 2021, the strategic planning committee held one meeting, at which the resolutions such as the resolutions in relation to the Company’s 2020 annual report and its summary, 2020 results announcement and 2021 capital expenditure plan of the Company were considered and the report on the performance of the 2020 capital expenditure plan of the Company was heard. All the resolutions were approved. All the members of the strategic planning committee attended the meeting 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 14 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 Company, 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 Company 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, educational 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 review the member diversification targets and progress of the Board based on those factors and the latest requirements of HKSE Listing Rules on the diversity of gender of the Board, and give recommendations (if needed) to the Board for improvement.

In 2021, the nomination committee held two meetings, at which the resolutions in relation to, among others, the election of executive Directors of the Company and the temporary performance of the duty of president by Comrade Peng Yi were considered. In particular, for the resolution on the election of Directors, the nomination committee review candidates for Directors in accordance with the related standards as set out in the Articles of Associations and the policy of a diversified composition of the board. All the resolutions were approved and all the members of the nomination committee attended all the two meetings in person.

(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 2021, the safety, health and environmental protection committee held one meeting, at which three resolutions including the 2020 annual report and its summary, the 2020 annual results announcement, the directors' report for 2020 and the 2020 social responsibility report of the Company were considered. 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 two non-executive Directors. 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 2021, the audit and risk management committee held a total of six meetings, at which the resolutions such as the Company's 2020 annual report and its summary, 2020 annual results announcement, financial report and internal control report were considered, and the audit opinions made by Deloitte Touche Tohmatsu Certified Public Accountants LLP on the Company's financial report for 2020 and the reports on the audit plan of the Company for 2021 were heard. All the resolutions were approved at respective meetings and all the members of the audit and risk management committee attended all the six meetings in person.

(5) Remuneration Committee

The remuneration committee comprises two independent non-executive Directors. 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 2021, the remuneration committee held three meetings, at which the resolutions in relation to the remunerations of the Directors and Supervisors of the Company for 2021, operational performance assessment indicators for senior management for 2021, as well as remuneration payment plan for senior management for 2020 and annual base salary plan for senior management for 2021 were considered. All the resolutions were approved and all the members of the remuneration committee attended all the three 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 2020 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 president, are responsible for the specific matters in relation to the ordinary operation of the Company. The management also make operational decisions and implement thereafter, review on a regular basis and offer feedback in a timely manner in order to ensure the arrangement in relation to the operation and management meet the requirement of the Company.

IX. THE CHAIRMAN AND THE PRESIDENT

In 2021, the Company's chairman was Mr. Wang Shudong. Mr. Peng Yi, the vice chairman of the Company, temporarily 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 person, 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 A1.8 under the Corporate Governance Code set out in Appendix 14 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 2021, the Group's international auditor was Deloitte Touche Tohmatsu, and the domestic auditor was Deloitte Touche Tohmatsu Certified Public Accountants LLP. The Group's audit fees as of 31 December 2021 was RMB11,000,000 in aggregate, of which audit fees for internal control amounted to RMB900,000.

XII. SUPERVISORS AND SUPERVISORY COMMITTEE

The Supervisory Committee comprises three Supervisors, including two shareholder representative Supervisors and one employee representative Supervisor. 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.

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	5	0
Zhang Qiaoqiao	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, Workflow Handbook and Appraisal Measures for Comprehensive Risk Management and Internal Control. 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 recognise the risks each department take under. Risk resolutions shall be set when necessary.

The Second Line of Defense: Department of Legal Affairs, the functional body of risk management, is mainly responsible for the core management and organisation of the material risks and the coordination and planning, formulating the risk management systems, 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 internal 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 Company, 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 regularly organises and conducts a review of the internal risk management and internal control system of the headquarter and subordinate enterprises, formulates the overall plan and objectives for the internal review of risk management and internal control systems, and carries out education and trainings regarding risk management and internal control every year. In 2021, the Board has conducted 2 reviews of the effectiveness of the internal risk management and internal control systems of the headquarter and its subordinate enterprises, the scope of which covered each and every key aspect of the control systems including the financial control system, operation control system and compliance control system for the year 2020 and the first three quarters of 2021, such as development strategy management, investment management, contract management, finance management, capital raising management, material purchase management, infrastructure project management, safety production management, sales management, property right management, human resource management, and quality and technology management. After the reviews, the Company was of the view that the headquarters and subordinate enterprises had set up internal audit function, and the resources, staff qualification and experience for the functions of accounting, internal audit and financial reporting as well as the training courses taken by staff and relevant budget were sufficient. Internal risk management and internal control system were effective and sufficient.

In order to reasonably ensure the effectiveness of the risk management and internal control systems, and the quality of the internal evaluation completed, the Board authorises the risk management and internal control departments to supervise and inspect the effectiveness of reviewing the internal risk management and internal control systems of subordinate enterprises every year. The scope of the supervision and inspection covers the effectiveness of the Company's risk management and internal control systems, the changes in the nature and extent of material risks assessed during the year, the Company's ability to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of risks and of the internal control systems, the work of the internal audit function and its assurance providers, and significant control failure or weakness that has been identified during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that may in the future have a material impact on the Company. In respect of the supervision and inspection above and the effectiveness of the Company's risk management and internal control systems, the control results will be reported by the risk management and internal control departments to the Board and its audit and risk management committee, thus helping the Board to assess the effectiveness of the Company's control and risk management.

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 2021, 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.

Deloitte Touche Tohmatsu Certified Public Accountants 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 Company and of the results and cash flows for such period. The Company deploys appropriate and sufficient resources to prepare financial statements. The senior management is required to report and make interpretation to 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 Company, and make satisfying response on the inquiries and concerns that raised by 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

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA COAL ENERGY COMPANY LIMITED
中國中煤能源股份有限公司
(incorporated 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 (collectively referred to as the "Group") set out on pages 105 to 251, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board (the "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 International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. 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 International Ethics Standards Board for Accountants' *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 judgment, 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.

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA COAL ENERGY COMPANY LIMITED (continued)
中國中煤能源股份有限公司
(incorporated in the People's Republic of China with limited liability)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on certain non-current assets in coal and others businesses	
We identified impairment assessment on certain non-current assets in the coal and other businesses as a key audit matter owing to the significance of the carrying amounts of these non-current assets on the Group's consolidated statement of financial position and the significant judgment made by the management in determining the recoverable amounts of the corresponding cash-generating units ("CGUs") to which these non-current assets belong. As set out in Note 6(a) to the consolidated financial statements, the management identified the non-current assets relating to two coal mines, which are CGUs in the coal business, and CGUs in other businesses having impairment indications as at 31 December 2021. The management performed impairment assessment to these CGUs and recorded accumulated impairment losses amounting to RMB3.17 billion as at 31 December 2021. The aggregate carrying amount of these non-current assets amounted to RMB904 million (net of impairment losses) as at 31 December 2021. The impairment assessment involves the management's judgment in key assumptions, including the growth rates and discount rates.	Our procedures in relation to impairment assessment on certain non-current assets in the coal and others businesses included: • Obtaining an understanding and testing the key controls over the management's impairment assessment processes; • Identifying the key items in the cash flow projection based on the sensitivity analysis and assessing whether the basis of preparation of these cash flow items is reasonable by reference to our knowledge of the related business and industry; • Comparing input data that are used in the forecasts to the supporting evidence and evaluating the reasonableness of the key assumptions; • Performing retrospective review on the forecast information used in impairment assessment last year and obtaining the explanation for causes of any significant variances from the management to assess the reliability of the management forecasts used in the impairment assessment; • Checking the arithmetical accuracy on the calculation of the present value of the discounted cash flows forecast prepared by the management.

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA COAL ENERGY COMPANY LIMITED (continued)
中國中煤能源股份有限公司
(incorporated in the People's Republic of China with limited liability)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 IFRS Standards 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA COAL ENERGY COMPANY LIMITED (continued)
中國中煤能源股份有限公司
(incorporated in the People's Republic of China with limited liability)

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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.

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA COAL ENERGY COMPANY LIMITED (continued)
中國中煤能源股份有限公司
(incorporated in the People's Republic of China with limited liability)

- 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 the independent auditor's report is Rossana Ley Pui Chun.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
24 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	**Year ended 31 December 2021** *RMB'000*	Year ended 31 December 2020 *RMB'000* (Restated)
Revenue	*8*	**231,127,302**	140,964,681
Cost of sales	*12*		
Materials used and goods traded		**(146,279,711)**	(79,151,776)
Staff costs		**(7,167,475)**	(5,277,096)
Depreciation and amortisation		**(10,278,082)**	(9,537,436)
Repairs and maintenance		**(2,707,029)**	(2,415,733)
Transportation costs and port expenses		**(10,679,067)**	(11,877,058)
Sales taxes and surcharges		**(5,843,425)**	(3,650,715)
Others		**(10,254,942)**	(8,705,089)
		(193,209,731)	(120,614,903)
Gross profit		**37,917,571**	20,349,778
Selling expenses	*12*	**(837,425)**	(721,621)
General and administrative expenses	*12*	**(5,649,293)**	(4,725,568)
Other income		**2,623**	2,617
Other gains and losses, net	*9*	**(3,361,879)**	149,786
Impairment losses under expected credit loss model, net of reversal	*11*	**(21,884)**	(3,139)
Profit from operations		**28,049,713**	15,051,853
Finance income	*10*	**114,599**	154,165
Finance costs	*10*	**(4,068,509)**	(4,683,638)
Share of profits of associates and joint ventures		**3,279,607**	1,163,844
Profit before income tax		**27,375,410**	11,686,224
Income tax expense	*15*	**(6,554,474)**	(3,363,448)
Profit for the year		**20,820,936**	8,322,776

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	**Year ended 31 December 2021 *RMB'000***	Year ended 31 December 2020 *RMB'000* (Restated)
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		**–**	308
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		**90,568**	(51,089)
		90,568	(50,781)
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		**(9,644)**	29,324
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		**(846)**	(9,568)
Exchange differences arising on translation of foreign operations		**(33,924)**	8,665
		(44,414)	28,421
Other comprehensive income (expense) for the year, net of tax		**46,154**	(22,360)
Total comprehensive income for the year		**20,867,090**	8,300,416
Profit for the year attributable to:			
Equity holders of the Company		**14,714,915**	5,353,650
Non-controlling interests		**6,106,021**	2,969,126
		20,820,936	8,322,776
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**14,765,516**	5,324,285
Non-controlling interests		**6,101,574**	2,976,131
		20,867,090	8,300,416
Basic and diluted earnings per share for the profit attributable to equity holders of the Company *(RMB)*	*17*	**1.11**	0.40

Consolidated Statement of Financial Position

At 31 December 2021

	Notes	As at 31 December 2021 RMB'000	2020 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	*18*	**128,763,219**	134,005,634
Right-of-use assets	*19*	**406,752**	376,688
Investment properties		**84,413**	88,768
Mining rights	*20*	**43,070,151**	42,771,898
Intangible assets	*21*	**1,924,774**	1,596,331
Land use rights	*22*	**6,385,064**	6,189,530
Goodwill		**6,084**	6,084
Interests in associates	*23(b)*	**22,638,811**	20,653,583
Interests in joint ventures	*23(c)*	**4,048,413**	3,210,569
Equity instruments at fair value through other comprehensive income	*24*	**2,417,834**	2,276,738
Deferred income tax assets	*38*	**2,373,505**	2,279,022
Long-term receivables	*25*	**369,680**	296,999
Other non-current assets	*26*	**3,855,168**	6,819,656
Total non-current assets		**216,343,868**	220,571,500
Current assets			
Inventories	*27*	**8,192,303**	7,058,610
Trade receivables	*28*	**7,545,912**	7,222,201
Debt instruments at fair value through other comprehensive income	*28*	**5,926,495**	3,520,823
Contract assets	*29*	**1,662,944**	1,482,759
Prepayments and other receivables	*30*	**8,732,859**	6,981,721
Restricted bank deposits	*31*	**6,150,730**	4,596,040
Term deposits with initial terms of over three months	*31*	**35,678,680**	16,356,551
Cash and cash equivalents	*31*	**31,095,231**	15,041,758
Total current assets		**104,985,154**	62,260,463
TOTAL ASSETS		**321,329,022**	282,831,963
Current liabilities			
Trade and notes payables	*32*	**27,198,784**	25,197,387
Contract liabilities	*33*	**5,176,923**	3,605,863
Accruals, advances and other payables	*34*	**29,829,409**	16,700,760
Taxes payable		**3,175,727**	714,958
Lease liabilities	*35*	**74,325**	37,207
Short-term borrowings	*36*	**581,547**	1,668,547
Current portion of long-term borrowings	*36*	**11,578,247**	15,472,354
Current portion of long-term bonds	*37*	**10,063,267**	5,797,259
Current portion of provision for close down, restoration and environmental costs	*39*	**66,874**	71,607
Total current liabilities		**87,745,103**	69,265,942

Consolidated Statement of Financial Position

At 31 December 2021

	Notes	As at 31 December **2021** ***RMB'000***	 2020 *RMB'000* (Restated)
Non-current liabilities			
Long-term borrowings	*36*	**60,862,670**	51,516,595
Long-term bonds	*37*	**14,173,894**	21,214,064
Deferred income tax liabilities	*38*	**5,597,260**	5,784,058
Lease liabilities	*35*	**419,448**	409,074
Provision		**79,532**	33,738
Provision for employee benefits		**96,972**	109,805
Provision for close down, restoration and environmental costs	*39*	**3,583,885**	3,197,338
Deferred revenue	*40*	**2,341,650**	1,472,858
Other long-term liabilities	*41*	**4,264,637**	5,021,082
Total non-current liabilities		**91,419,948**	88,758,612
Total liabilities		**179,165,051**	158,024,554
Equity			
Share capital	*42*	**13,258,663**	13,258,663
Reserves	*43*	**49,195,789**	48,134,941
Retained earnings	*43*	**51,095,657**	40,407,688
Equity attributable to the equity holders of the Company		**113,550,109**	101,801,292
Non-controlling interests	*23(a)*	**28,613,862**	23,006,117
Total equity		**142,163,971**	124,807,409
TOTAL EQUITY AND LIABILITIES		**321,329,022**	282,831,963

The consolidated financial statements on pages 105 to 251 were approved and authorised for issue by the Board of Directors on 24 March 2022 and are signed on its behalf by:

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	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 2019 as previously reported	13,258,663	47,108,224	36,681,075	97,047,962	20,229,564	117,277,526
Acquisition of subsidiaries under common control in 2021 *(Note 3.2)*	–	1,217,338	(78,795)	1,138,543	–	1,138,543
At 1 January 2020 (Restated)	13,258,663	48,325,562	36,602,280	98,186,505	20,229,564	118,416,069
Profit for the year (Restated) *(Note 3.2)*	–	–	5,353,650	5,353,650	2,969,126	8,322,776
Other comprehensive (expense) income, net of tax	–	(29,365)	–	(29,365)	7,005	(22,360)
Total comprehensive (expense) income (Restated)	–	(29,365)	5,353,650	5,324,285	2,976,131	8,300,416
Appropriations *(Note 43)*	–	18,969	(18,969)	–	–	–
Share of other changes of reserves of associates and joint ventures	–	(144,394)	144,394	–	–	–
Acquisition of a subsidiary under common control in 2020 *(Note 3.1)*	–	(25,500)	(4,576)	(30,076)	–	(30,076)
Contributions	–	–	–	–	713,505	713,505
Dividends	–	–	(1,683,850)	(1,683,850)	(929,199)	(2,613,049)
Others (Restated)	–	(10,331)	14,759	4,428	16,116	20,544
At 31 December 2020 (Restated)	13,258,663	48,134,941	40,407,688	101,801,292	23,006,117	124,807,409

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	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 2020 as previously reported	13,258,663	46,917,259	40,483,559	100,659,481	23,006,117	123,665,598
Acquisition of a subsidiary under common control in 2021 *(Note 3.2)*	–	1,217,682	(75,871)	1,141,811	–	1,141,811
At 1 January 2021 (Restated)	13,258,663	48,134,941	40,407,688	101,801,292	23,006,117	124,807,409
Profit for the year	–	–	14,714,915	14,714,915	6,106,021	20,820,936
Other comprehensive (expense) income, net of tax	–	50,601	–	50,601	(4,447)	46,154
Total comprehensive (expense) income	–	50,601	14,714,915	14,765,516	6,101,574	20,867,090
Appropriations *(Note 43)*	–	2,316,585	(2,316,585)	–	–	–
Share of other changes of reserves of associates and joint ventures	–	(117,770)	262,476	144,706	–	144,706
Acquisition of a subsidiary under common control in 2021 *(Note 3.2)*	–	(1,217,020)	(196,163)	(1,413,183)	–	(1,413,183)
Contributions	–	–	–	–	585,107	585,107
Dividends	–	–	(1,776,661)	(1,776,661)	(1,078,929)	(2,855,590)
Others	–	28,452	(13)	28,439	(7)	28,432
At 31 December 2021	13,258,663	49,195,789	51,095,657	113,550,109	28,613,862	142,163,971

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash generated from operations	*44.1*	**52,477,626**	25,875,761
Income tax paid		**(4,371,291)**	(3,243,394)
Net cash generated from operating activities		**48,106,335**	22,632,367
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(9,096,218)**	(9,357,075)
Proceeds from disposals of property, plant and equipment		**77,288**	107,533
Payments for land use rights, mining rights and intangible assets		**(1,331,100)**	(951,199)
Proceeds from disposals of land use rights, mining rights and intangible assets		**37,695**	3,574
Cash injections in associates and joint ventures		**(212,069)**	(41,786)
Proceeds from disposals of investment in associates and joint ventures		**5,863**	2,315
Dividends received		**1,621,371**	864,709
Loan repayment from the Parent Company (as defined in Note 1) and fellow subsidiaries		**2,742,403**	1,443,821
Loan repayment from an associate		**–**	1,275,000
Loans granted to the Parent Company and fellow subsidiaries		**(1,229,500)**	(2,554,000)
Loan granted to an associate		**–**	(4,439)
Interest income on loans to the Parent Company and fellow subsidiaries		**245,908**	242,125
Interest income on loans to associates		**202**	31,141
Interest income on term deposits		**555,602**	263,511
Placement of term deposits with initial terms of over three months		**(19,322,129)**	(6,266,450)
Purchases of equity instruments at fair value through other comprehensive income		**(50,530)**	–
Acquisition of a subsidiary		**–**	8,208
Refund of prepayments for investment in prior years and related interests		**573,056**	–
Refund of adjusted consideration of acquisition of a subsidiary from the Parent Company in prior years		**–**	688,952
Net cash used in investing activities		**(25,382,158)**	(14,244,060)

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	*RMB'000*
		(Restated)
FINANCING ACTIVITIES		
Proceeds from borrowings	**24,218,881**	36,478,940
Repayment of borrowings	**(19,853,913)**	(29,135,635)
Contributions from non-controlling interests	**585,107**	435,909
Dividends paid to the Company's shareholders	**(1,776,661)**	(1,683,850)
Dividends paid to non-controlling interests	**(1,261,103)**	(489,222)
Acquisition of non-controlling interest of a subsidiary	**(50,332)**	–
Acquisition of subsidiaries under common control	**(1,413,183)**	(30,076)
Interest paid	**(4,213,554)**	(4,987,443)
Net proceeds from issuance of long-term bonds	**2,997,000**	4,995,170
Repayment of long-term bonds	**(5,800,000)**	(10,917,595)
Repayments of lease liabilities	**(87,730)**	(99,221)
Bonds issuance costs	**(41,533)**	(41,933)
Net cash used in financing activities	**(6,697,021)**	(5,474,956)
Net increase in cash and cash equivalents	**16,027,156**	2,913,351
Cash and cash equivalents at beginning of the year	**15,041,758**	12,138,798
Effect of foreign exchange rate changes	**26,317**	(10,391)
Cash and cash equivalents at end of the year	**31,095,231**	15,041,758

Notes to the Consolidated Financial Statements

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 the "Group") is principally engaged in mining and processing of coal, sales of coal and coal-chemical products, manufacturing and sales of coal mining machinery and finance services. The address of the Company's registered office is No.1 Huangsidajie, Chaoyang District, Beijing, the PRC.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Going Concern

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

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

3.1 2020 Acquisition

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

3.2 2021 Acquisition

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

As the Group, Changrong Company and Pingshuo Industrial Company were under common control of China Coal Group before and after the 2021 Acquisition, the acquisition is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the consolidated financial statements of the Group have been prepared as if Changrong Company and Pingshuo Industrial Company were subsidiaries of the Company ever since they became under common control of China Coal Group.

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

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

3.2 2021 Acquisition (continued)

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

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

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

3.2 2021 Acquisition (continued)

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

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

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

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

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

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

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

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

4. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS STANDARDS") (CONTINUED)

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS Standards 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 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 47, 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").

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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

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 IFRS Standards). 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

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.

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).

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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 exceeds 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

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).

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

5. SIGNIFICANT 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Existence of significant financing component (continued)

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessor (continued)

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.

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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve, attributed to non-controlling interests as appropriate.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term and other long-term employee benefits (continued)

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 are 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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.

Property, plant and equipment

Property, plant and equipment, which consists 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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) are capitalised in property, plant and equipment, and are 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.

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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions for close down, restoration and environmental costs (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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 are required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(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.

(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. SIGNIFICANT 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 ECL 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.

(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;

5. SIGNIFICANT 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 (continued)

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, 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 aforegoing, 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.

(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 collaterals held by the Group).

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

(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. SIGNIFICANT 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.

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

5. SIGNIFICANT 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)

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. SIGNIFICANT 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 equity 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 JUDGMENTS 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 judgments, 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 judgments 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 include 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 businesses related non-current assets

These non-current assets, including property, plant and equipment, mining rights, intangible assets and land use rights, are carried at cost less accumulated depreciation/amortisation and impairment, if any. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will be revised, and this may have an impact on the Group's results of operations and financial position.

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

Key sources of estimation uncertainty (continued)

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

As at 31 December 2021, the management of the Group identified property, plant and equipment and intangible assets in coal business of Shanghai Datun Energy Resources Company Limited ("Shanghai Datun") with impairment indicator due to the deterioration of underground geological conditions, which has a negative impact on the quality of coal. The carrying amount of the non-current assets (mainly property, plant and equipment and mining rights) in the coal business of Kongzhuang coal mine of Shanghai Datun is RMB0.40 billion (after taking into account the accumulated impairment losses amounting to RMB0.55 billion). The recoverable amount of the CGU is determined by the present value of estimated future cash flows. Key assumptions adopted in the discounted cash flow model and their basis include:

- Future coal price: based on records of historical three-year average price and analysis of factors that may have impact on coal market;
- Production volume: determined according to the production plan, which shall fall within the range of the design capacity and the current government-approved capacity;
- Production costs: based on records of historical costs and future operating plan;
- Capital expenditures: based on the renewal expenditures necessary to maintain the current capacity;
- Pre-tax discount rate: weighted average cost of capital reflecting the specific risk to the CGU.

As at 31 December 2021, the management of the Group has planned to close Shanxi China Coal Pingshuo Beiling Coal Industry Co. LTD ("Pingshuo Beiling"). As assessed by the management of the Group, the relevant assets in the coal business of Pingshuo Beiling show signs of impairment. The carrying amount of the non-current assets (mainly property, plant and equipment and mining rights) in the coal business of Pingshuo Beiling is RMB0.19 billion (after taking into account the accumulated impairment losses amounting to RMB0.78 billion). The management performed impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. The recoverable amount of the CGU is determined by the present value of estimated future cash flows. Key assumptions adopted in the discounted cash flow model and their basis include:

- Future price: based on records of historical three-year average price and analysis of factors that may have impact on coal market;
- Production volume: determined according to the production plan, which shall fall within the range of the design capacity and the current government-approved capacity;

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

Key sources of estimation uncertainty (continued)

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

- Production costs: based on records of historical costs;
- Capital expenditures: based on the renewal expenditures necessary to maintain the current capacity;
- Pre-tax discount rate: weighted average cost of capital reflecting the specific risk to the CGU.

According to the assessment of the management of the Group, as at December 31, 2021, the related non-current assets of other businesses showed signs of impairment, as some electric power companies continued to suffer operating losses due to rising raw material prices. The carrying amount of the non-current assets (property, plant and equipment) in the other business is RMB0.31 billion (after taking into account the accumulated impairment losses amounting to RMB1.85 billion). The management performed impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. The recoverable amount of the CGU is determined by the present value of estimated future cash flows. Key assumptions adopted in the discounted cash flow model and their basis include:

- Future electricity price: based on current market price and reference to historical electricity price;
- Electricity generation: determined by referring to historical power generation utilization hours and budget indicators;
- Production costs: based on records of historical costs and the estimated production costs in the budget;
- Capital expenditures: based on the investment plan necessary for the project under construction to reach the designed capacity;
- Pre-tax discount rate: weighted average cost of capital reflecting the specific risk to the CGU.

Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and further impairment loss may arise where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rates.

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

Key sources of estimation uncertainty (continued)

(d) Provision of ECL for trade receivables

Trade receivables for debtors with 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 are disclosed in Note 47.2.

(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 income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards. 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.

(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.

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

Key sources of estimation uncertainty (continued)

(h) Fair value measurement of financial instruments

As at 31 December 2021, certain of the Group's financial assets, being unquoted equity instruments amounting to RMB2,395,546,000 (2020: RMB2,257,031,000), are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment 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 value of these instruments. See Note 47.3 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 the Management Office (經營層).

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

(b) Operating and reportable segments

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

- Coal – production and sales of coal;
- Coal-chemical products – production and sales of coal-chemical products;
- Mining machinery – manufacturing and sales of mining machinery;
- Finance – providing deposit, loan, bill acceptance and discount and other financial services to entities within the Group and China Coal Group.

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

7. SEGMENT INFORMATION (CONTINUED)

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

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 2020 (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	113,896,848	17,054,043	8,944,920	1,241,894	7,020,116	148,157,821	–	(7,193,140)	140,964,681
Inter-segment revenue	(4,197,131)	(325,821)	(1,185,986)	(403,747)	(1,080,455)	(7,193,140)	–	7,193,140	–
Revenue from external customers	109,699,717	16,728,222	7,758,934	838,147	5,939,661	140,964,681	–	–	140,964,681
Segment results									
Profit (loss) from operations	11,655,531	1,889,356	459,963	849,970	640,583	15,495,403	(337,523)	(106,027)	15,051,853
Profit (loss) before income tax	10,395,372	1,408,312	405,055	849,291	405,708	13,463,738	(1,817,159)	39,645	11,686,224
Interest income	319,129	38,714	20,283	–	14,278	392,404	1,280,717	(1,518,956)	154,165
Interest expense	(2,177,299)	(1,037,924)	(94,170)	–	(284,864)	(3,594,257)	(2,883,570)	1,810,956	(4,666,871)
Depreciation and amortisation	(6,291,889)	(2,645,550)	(460,992)	(1,412)	(608,580)	(10,008,423)	(19,287)	–	(10,027,710)
Share of profits of associates and joint ventures	508,906	515,976	20,028	–	1,660	1,046,570	117,274	–	1,163,844
Income tax (expense) credit	(2,501,362)	(115,310)	(32,965)	(216,805)	9,481	(2,856,961)	(505,590)	(897)	(3,363,448)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(15,601)	–	–	–	–	(15,601)	–	–	(15,601)
(Provision for) reversal of impairment of other assets	(6,789)	46,473	(57,599)	15,075	(13,057)	(15,897)	112	(21,602)	(37,387)
Addition to non-current assets	4,367,895	5,948,154	271,459	1,558	21,658	10,610,724	35,346	–	10,646,070
Segment assets and liabilities									
Total assets	155,053,424	48,432,897	17,525,327	40,299,025	12,821,015	274,131,688	37,150,889	(28,450,614)	282,831,963
Including: interests in associates and joint ventures	7,521,296	11,493,490	914,596	–	128,659	20,058,041	3,806,111	–	23,864,152
Total liabilities	68,542,438	23,106,958	6,659,653	35,949,046	5,919,125	140,177,220	67,700,482	(49,853,148)	158,024,554

Note: The non-current assets above exclude financial instruments, interests in associates and joint ventures, deferred income 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	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**230,080,300**	140,023,731
Overseas markets	**1,047,002**	940,950
	231,127,302	140,964,681

Analysis of non-current assets

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

Note: The non-current assets above exclude financial instruments, deferred income 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 2021 and 2020.

8. REVENUE

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

(i) Disaggregation of revenue from contracts with customers:

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

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For the year ended 31 December 2021

8. REVENUE (CONTINUED)

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

	Year ended 31 December 2020 (Restated)				
	Coal	Coal-chemical products	Mining machinery	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sales of goods recognised					
Sales of coal	109,270,085	–	–	–	109,270,085
Sales of coal-chemical products	–	16,605,743	–	–	16,605,743
Sales of mining machinery	–	–	7,227,157	–	7,227,157
Sales of electric power	–	–	–	3,776,234	3,776,234
Sales of aluminum products	–	–	–	1,188,518	1,188,518
Others	25,506	51,615	340,297	629,669	1,047,087
	109,295,591	16,657,358	7,567,454	5,594,421	139,114,824
Provision of services recognised					
Agent services	7,435	–	10,094	89,510	107,039
Railway services	–	–	–	165,142	165,142
Others	156,652	67,768	180,011	79,789	484,220
	164,087	67,768	190,105	334,441	756,401
Revenue from contracts with customers	109,459,678	16,725,126	7,757,559	5,928,862	139,871,225
Analysed by geographical markets					
Domestic markets	109,190,715	16,293,234	7,540,626	5,905,700	138,930,275
Overseas markets	268,963	431,892	216,933	23,162	940,950
	109,459,678	16,725,126	7,757,559	5,928,862	139,871,225

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

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

(ii) Performance obligations for contracts with customers

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

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

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

8. REVENUE (CONTINUED)

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

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

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

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

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

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

9. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Impairment loss of:		
– Mining rights *(Note 20)*	**(90,103)**	(7,000)
– Property, plant and equipment	**(3,519,447)**	(15,601)
– Prepayments	**(202)**	(40)
– Land use rights	**(4,169)**	–
Gain or loss on disposal of:		
– Property, plant and equipment	**(26,077)**	(21,230)
– Investments in associates	**(137)**	1,110
– Land use rights	**891**	–
Government grants	**202,588**	218,593
Others	**74,777**	(26,046)
	(3,361,879)	149,786

10. FINANCE INCOME AND COSTS

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

Note:

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

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

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Impairment loss (recognised) reversed on:		
– Trade receivables	**(25,016)**	(41,363)
– Other receivables	**(13,205)**	51,090
– Contract assets	**(4,068)**	(6,335)
– Loans to the Parent Company and fellow subsidiaries	**19,511**	(16,043)
– Debt instruments at FVTOCI	**846**	9,568
– Other	**48**	(56)
	(21,884)	(3,139)

Details of impairment assessment are set out in Note 47.2.

12. EXPENSES BY NATURE

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Depreciation *(Note (a))*	**9,845,719**	9,201,853
Amortisation *(Note (b))*	**970,482**	825,857
Materials used and goods traded	**146,279,950**	79,262,019
Transportation costs and port expenses	**10,679,067**	11,877,058
Sales tax and surcharges	**5,843,425**	3,650,715
Auditor's remuneration		
– Audit service	**12,341**	11,038
– Non-audit service	**–**	–
Repairs and maintenance	**2,759,013**	2,462,218
Lease expenses under recognition exemption	**86,376**	87,270
Employee benefit expense (including directors' emoluments) *(Note (c))*	**10,930,548**	8,251,088
Other expenses	**12,289,528**	10,432,976
Total cost of sales, selling expenses and general and administrative expenses	**199,696,449**	126,062,092

12. EXPENSES BY NATURE (CONTINUED)

Notes:

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Depreciation for the year		
– Property, plant and equipment *(Note 18)*	**9,823,609**	9,168,843
– Investment properties	**4,354**	4,343
– Right-of-use assets *(Note 19)*	**78,998**	80,554
Less: capitalised in inventories which remained unsold as at year end	**(1,304)**	(9,208)
capitalised in construction in progress	**(59,938)**	(42,679)
Amount charged to profit or loss	**9,845,719**	9,201,853
Charged to:		
Expenses		
– Cost of sales	**9,477,202**	8,744,665
– Selling expenses and general and administrative expenses	**368,517**	457,188
	9,845,719	9,201,853

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Amortisation for the year		
– Land use rights *(Note 22)*	**160,271**	151,834
– Mining rights *(Note 20)*	**552,114**	488,563
– Intangible assets *(Note 21)*	**147,429**	146,384
– Long-term deferred expenses included in other non-current assets	**113,519**	40,834
Less: capitalised in inventories which remained unsold as at year end	**–**	(543)
capitalised in construction in progress	**(2,851)**	(1,215)
Amount charged to profit or loss	**970,482**	825,857

12. EXPENSES BY NATURE (CONTINUED)

Notes: (continued)

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Charged to:		
Cost of sales	**7,167,475**	5,277,096
Selling expenses and general and administrative expenses	**3,763,073**	2,973,992
	10,930,548	8,251,088

(d) The research and development costs recognised as expenses are RMB665,662,000 (2020: RMB523,328,000) during the year.

13. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Wages, salaries and allowances	**7,646,363**	5,708,831
Housing subsidies *(Note (a))*	**632,510**	554,517
Contributions to pension plans *(Note (b))*	**1,139,438**	748,866
Welfare and other expenses	**1,512,237**	1,238,874
	10,930,548	8,251,088

Notes:

(a) These mainly include the Group's contributions to government-sponsored housing funds in the PRC at rates ranging from 12% to 25% (2020: 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% (2020: 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 2021 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	
	2021	2020
	No. of employees	No. of employees
Director	**–**	–
Non-director individuals	**5**	5
	5	5

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Basic salaries, housing subsidies, other allowances and benefits-in-kind	**2,530**	2,350
Contributions to pension plans	**513**	317
Discretionary bonuses	**3,631**	3,794
	6,674	6,461

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 bands is as follows:

	Year ended 31 December	
	2021	2020
	No. of employees	No. of employees
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**5**	4
	5	5

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 2021 are set out below:

	2021 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 *(note i)*	–	–	–	–	–	–	–
Executive directors:							
Mr. PENG Yi	–	–	–	–	–	–	–
Non-executive directors:							
Mr. ZHAO Rongzhe	–	–	–	–	–	–	–
Mr. XU Qian	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. ZHANG Ke	–	300	–	–	–	–	300
Mr. ZHANG Chengjie	–	90	–	–	–	–	90
Mr. LEUNG Chong Shun	–	300	–	–	–	–	300
	–	690	–	–	–	–	690
Supervisors:							
Mrs. ZHANG Qiaoqiao *(note ii)*	–	273	22	27	24	73	419
Mr. WANG Wenzhang	–	412	352	40	37	108	949
Mr. ZHANG Shaoping	–	328	432	40	37	109	946
	–	1,013	806	107	98	290	2,314
	–	1,703	806	107	98	290	3,004

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 2020 are set out below:

	2020 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. LI Yanjiang *(note iii)*	–	–	–	–	–	–	–
Executive directors:							
Mr. PENG Yi	–	–	–	–	–	–	–
Non-executive directors:							
Mr. ZHAO Rongzhe	–	–	–	–	–	–	–
Mr. XU Qian	–	–	–	–	–	–	–
Mr. DU Ji'an *(note iv)*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. ZHANG Ke	–	300	–	–	–	–	300
Mr. ZHANG Chengjie	–	90	–	–	–	–	90
Mr. LEUNG Chong Shun	–	300	–	–	–	–	300
	–	690	–	–	–	–	690
Supervisors:							
Mr. ZHOU Litao *(note v)*	–	–	–	–	–	–	–
Mr. WANG Wenzhang	–	426	284	40	32	87	869
Mr. ZHANG Shaoping	–	462	364	40	33	46	945
	–	888	648	80	65	133	1,814
	–	1,578	648	80	65	133	2,504

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

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

Notes:

(i) Mr. WANG Shudong was appointed as chairman and executive director in May 2021.

(ii) Mrs. ZHANG Qiaoqiao was appointed as supervisor in May 2021.

(iii) Mr. LI Yanjiang resigned from the position of chairman and executive director in March 2021.

(iv) Mr. DU Ji'an resigned from the position of non-executive director in October 2021.

(v) Mr. ZHOU Litao resigned from the position of supervisor in August 2020.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. WANG Shudong, Mr. PENG Yi, 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 retirement benefits paid to all directors and supervisors during the year ended 31 December 2021 in respect of their services as directors and supervisors of the Group is RMB290,000 (2020: RMB133,000).

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 (2020: nil).

(c) Directors' and supervisors' termination benefits

During the years ended 31 December 2020 and 2021, 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 2020 and 2021, 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 (2020: nil).

During the years ended 31 December 2020 and 2021, and as at 31 December 2020 and 2021, 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 2020 and 2021, 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	
	2021	2020
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax *(Note (a))*	**6,832,062**	2,956,812
Deferred income tax *(Note 38)*	**(277,588)**	406,636
	6,554,474	3,363,448

Notes:

(a) The provision for the PRC enterprise income tax is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in 2021 and 2020 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% based on the relevant PRC tax laws and regulations.

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 rates prevailing in the jurisdictions in which the Group operates as follows:

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

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

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

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

	Year ended 31 December 2021 RMB'000	2020 RMB'000
Deferred tax	**(3,693)**	7,323

16. DIVIDENDS

During the year ended 31 December 2021, dividends for ordinary shareholders of the Company recognised as distribution is RMB1,776,660,883 being final divided for the year ended 31 December 2020 of RMB0.134 per share for 13,258,663,400.00 shares.

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

	Year ended 31 December 2021 *RMB'000*
Proposed final dividend	**3,984,572**

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	
	2021	2020 (Restated)
Profit attributable to the equity holders of the Company (RMB'000)	**14,714,915**	5,353,650
Number of ordinary shares in issue (in thousands)	**13,258,663**	13,258,663
Basic earnings per share (RMB per share)	**1.11**	0.40

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

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 2020							
Opening net book amount (restated)	41,293,215	24,522,570	47,533,673	3,100,815	942,534	12,889,424	130,282,231
Additions	97,533	1,592,275	1,144,475	–	368,013	8,085,176	11,287,472
Transfers upon completion of construction	545,672	44,341	970,428	167,739	86,807	(1,814,987)	–
Transfer to land use rights and intangible assets	–	–	–	–	–	(56,812)	(56,812)
Acquisition of a subsidiary	3,813	–	–	–	411	1,795,609	1,799,833
Reclassification	(5,684,128)	5,535,826	149,284	–	(982)	–	–
Disposals	(59,853)	–	(48,003)	–	(14,790)	–	(122,646)
Depreciation charges *(Note 12)*	(1,727,216)	(2,112,225)	(5,017,062)	(107,512)	(204,828)	–	(9,168,843)
Provision for impairment	–	–	(15,601)	–	–	–	(15,601)
Closing net book amount	34,469,036	29,582,787	44,717,194	3,161,042	1,177,165	20,898,410	134,005,634
At 31 December 2020							
Cost	47,130,469	41,490,482	88,701,667	4,193,020	3,715,079	21,084,208	206,314,925
Accumulated depreciation	(12,127,914)	(11,906,525)	(42,136,908)	(1,031,978)	(2,471,854)	–	(69,675,179)
Impairment provision	(533,519)	(1,170)	(1,847,565)	–	(66,060)	(185,798)	(2,634,112)
Net book amount	34,469,036	29,582,787	44,717,194	3,161,042	1,177,165	20,898,410	134,005,634

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 2021							
Opening net book amount (restated)	**34,469,036**	**29,582,787**	**44,717,194**	**3,161,042**	**1,177,165**	**20,898,410**	**134,005,634**
Additions	**(183,400)**	**1,455,754**	**1,473,457**	**–**	**190,167**	**6,668,049**	**9,604,027**
Transfers upon completion of construction	**1,572,390**	**23,071**	**4,260,960**	**427,673**	**21,238**	**(6,305,332)**	**–**
Transfer to land use rights and intangible assets	**–**	**–**	**–**	**–**	**–**	**(1,400,018)**	**(1,400,018)**
Reclassification	**55,653**	**(708,485)**	**101,289**	**(49,764)**	**601,307**	**–**	**–**
Disposals	**(80,017)**	**–**	**(20,043)**	**–**	**(3,305)**	**(3)**	**(103,368)**
Depreciation charges *(Note 12)*	**(1,793,170)**	**(2,279,776)**	**(5,429,417)**	**(131,588)**	**(189,658)**	**–**	**(9,823,609)**
Provision for impairment	**(641,200)**	**(676,321)**	**(1,454,201)**	**–**	**(4,220)**	**(743,505)**	**(3,519,447)**
Closing net book amount	**33,399,292**	**27,397,030**	**43,649,239**	**3,407,363**	**1,792,694**	**19,117,601**	**128,763,219**
At 31 December 2021							
Cost	**48,351,951**	**42,221,922**	**93,733,586**	**4,620,693**	**4,462,644**	**20,046,890**	**213,437,686**
Accumulated depreciation	**(13,777,940)**	**(14,147,401)**	**(46,798,351)**	**(1,213,330)**	**(2,599,670)**	**–**	**(78,536,692)**
Impairment provision	**(1,174,719)**	**(677,491)**	**(3,285,996)**	**–**	**(70,280)**	**(929,289)**	**(6,137,775)**
Net book amount	**33,399,292**	**27,397,030**	**43,649,239**	**3,407,363**	**1,792,694**	**19,117,601**	**128,763,219**

Property, plant and equipment, except for mining structures, are depreciated on a straight-line basis at the following estimated useful lives:

Buildings	8 – 50 years
Railway structures	25 – 30 years
Plant, machinery and equipment	4 – 18 years
Motor vehicles, fixtures and others	5 – 15 years

Mining structures (including the main and auxiliary mine shafts and underground tunnels) are depreciated on the units of production method utilising only recoverable coal reserves as the depletion base.

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2021, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB9,400,924,000 (2020: RMB8,663,535,000 (restated)), selling expenses and general and administrative expenses with an amount of RMB361,443,000 (2020: RMB453,421,000 (restated)), construction in progress with an amount of RMB59,938,000 (2020: RMB42,679,000), and cost of inventories which remained unsold as at year end with an amount of RMB1,304,000 (2020: RMB9,208,000) respectively.

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB1,052,186,000 (2020: RMB1,179,583,000).

As at 31 December 2021, the Group was in process of applying the ownership certificates of buildings with net book amount of RMB4,994,616,000 (2020: RMB5,585,670,000).

As detailed in Note 6 (a), during the year ended 31 December 2021, the management of the Group identified property, plant and equipment and intangible assets in the coal business of Pingshuo Beiling with impairment indicator, and performed impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. The recoverable amount of the CGU has been determined on the basis of value in use with pre-tax discount rate of 11.02%, based on a one year budget approved by the management and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation include estimation of future price, production volume, production costs and capital expenditure. Impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, impairment losses amounting to RMB685,943,000 for property, plant and equipment, RMB86,153,000 for mining rights (Note 20) and RMB4,169,000 for land use rights (Note 22) were recognised in other gains and losses, net.

During the year ended 31 December 2021, the management of the Group identified property, plant and equipment and intangible assets in coal business of Shanghai Datun with impairment indicator. The management performed impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. The recoverable amount of the CGU has been determined on the basis of value in use with pre-tax discount rate of 12.35%, based on a one year budget approved by the management and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation include estimation of future price, production volume, production costs and capital expenditure. Impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, impairment losses amounting to RMB545,167,000 for property, plant and equipment, and RMB3,950,000 for mining rights (Note 20) were recognised in other gains and losses, net.

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2021, the management of the Group identified property, plant and equipment in other business of China Coal Huajin Group Co., LTD. ("China Coal Huajin") suffered an operating loss due to the increase in coal costs. The management identifies the risk of impairment and conducts an impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. The recoverable amount of the CGU has been determined on the basis of value in use with pre-tax discount rate of 10.00%, based on a one year budget approved by the management and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation include estimation of future price, production volume, production costs and capital expenditure. Impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, impairment losses amounting to RMB710,549,000 were recognised in other gains and losses, net.

During the year ended 31 December 2021, the management of the Group identified property, plant and equipment in other business of Shanxi Zhongmei Dongpo Coal Industry Co., LTD. ("Pingshuo Dongpo") with impairment indicator, and therefore performed impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. The recoverable amount of the CGU has been determined on the basis of value in use with pre-tax discount rate of 10.35%, based on a one year budget approved by the management and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation include estimation of future price, production volume, production costs and capital expenditure. Impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, impairment losses amounting to RMB322,546,000 were recognised in other gains and losses, net.

For the other property, plant and equipment with indication of impairment, the recoverable amount is based on the fair value, which is estimated on the sales price or net residual value of similar machinery and equipment on the market, less costs of disposal. As the carrying amount is higher than the recoverable amount, the impairment losses amounting to RMB1,225,242,000 were recognized, among which, the impairment loss is RMB1,008,323,000 for coal business, RMB26,237,000 for coal-chemical business, RMB20,349,000 for mining machinery business, and RMB200,333,000 for other business.

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 2020					
Carrying amount	375,659	37,861	8,672	11,596	433,788
As at 31 December 2020					
Carrying amount	344,550	4,034	2,108	25,996	376,688
For the year ended 31 December 2020					
Additions	738	2,807	4,670	13,300	21,515
Depreciation charges *(Note 12)*	31,847	37,609	4,577	6,521	80,554
Expense relating to short-term leases					87,270
Total cash outflow for leases					186,491

	Land *RMB'000*	**Buildings** *RMB'000*	**Machinery** *RMB'000*	**Motor vehicles and other equipment** *RMB'000*	**Total** *RMB'000*
As at 1 January 2021					
Carrying amount	**344,550**	**4,034**	**2,108**	**25,996**	**376,688**
As at 31 December 2021					
Carrying amount	**313,879**	**73,903**	**302**	**18,668**	**406,752**
For the year ended 31 December 2021					
Additions	**1,162**	**107,769**	**–**	**187**	**109,118**
Depreciation charges *(Note 12)*	**31,833**	**37,844**	**1,806**	**7,515**	**78,998**
Expense relating to short-term leases					**86,376**
Total cash outflow for leases					**174,106**

For both years, the Group leases certain land, buildings, machinery and motor vehicles and other equipment for its operations. Lease contracts are entered into for 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 2020 (Restated)	
Opening net book amount	39,775,404
Additions	304,292
Acquisition of a subsidiary	3,187,045
Impairment provision	(7,000)
Other adjustment on impairment provision	720
Amortisation charges	(488,563)
Closing net book amount	42,771,898
At 31 December 2020 (Restated)	
Cost	48,595,244
Accumulated amortisation	(5,022,225)
Impairment provision	(801,121)
Net book amount	42,771,898

	RMB'000
Year ended 31 December 2021	
Opening net book amount	**42,771,898**
Additions	**532,926**
Transferred from property, plant and equipment	**1,000,000**
Impairment provision	**(90,103)**
Amortisation charges	**(552,114)**
Others	**(592,456)**
Closing net book amount	**43,070,151**
At 31 December 2021	
Cost	**49,535,714**
Accumulated amortisation	**(5,574,339)**
Impairment provision	**(891,224)**
Net book amount	**43,070,151**

The amortisation charges were mainly recorded in cost of sales for the years ended 31 December 2021 and 2020.

As detailed in Note 18, during the year ended 31 December 2021, impairment losses of mining rights of Pingshuo Beiling amounting to RMB86,153,000 and impairment losses of mining rights of Shanghai Datun amounting to RMB3,950,000 were recognised in other gains and losses, net (Note 9).

21. INTANGIBLE ASSETS

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2020			
Opening net book amount	1,212,348	415,382	1,627,730
Additions	20,542	48,923	69,465
Transferred from property, plant and equipment	–	36,329	36,329
Transferred from land use rights	–	14,382	14,382
Disposals	–	(1,774)	(1,774)
Amortisation charges	(82,068)	(64,316)	(146,384)
Other adjustments on impairment provision	–	(2,992)	(2,992)
Others	–	(425)	(425)
Closing net book amount	1,150,822	445,509	1,596,331
At 31 December 2020			
Cost	1,584,774	837,381	2,422,155
Impairment provision	–	(2,992)	(2,992)
Accumulated amortisation	(433,952)	(388,880)	(822,832)
Net book amount	1,150,822	445,509	1,596,331

21. INTANGIBLE ASSETS (CONTINUED)

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2021			
Opening net book amount	**1,150,822**	**445,509**	**1,596,331**
Additions	**21,133**	**349,727**	**370,860**
Transferred from property, plant and equipment	**33,451**	**75,798**	**109,249**
Disposals	**–**	**(4,237)**	**(4,237)**
Amortisation charges	**(84,597)**	**(62,832)**	**(147,429)**
Closing net book amount	**1,120,809**	**803,965**	**1,924,774**
At 31 December 2021			
Cost	**1,639,358**	**1,258,669**	**2,898,027**
Impairment provision	**–**	**(2,992)**	**(2,992)**
Accumulated amortisation	**(518,549)**	**(451,712)**	**(970,261)**
Net book amount	**1,120,809**	**803,965**	**1,924,774**

The amortisation charges were mainly recorded in cost of sales, selling expenses and general and administrative expenses for the years ended 31 December 2021 and 2020.

Other intangible assets mainly include computer softwares.

22. LAND USE RIGHTS

	RMB'000
Year ended 31 December 2020	
Opening net book amount	6,154,374
Additions	171,774
Acquisition of a subsidiary	10,915
Transferred from property, plant and equipment	20,483
Transfer to intangible assets	(14,382)
Disposals	(1,800)
Amortisation charges	(151,834)
Closing net book amount	6,189,530
At 31 December 2020	
Cost	7,511,554
Accumulated amortisation	(1,296,382)
Impairment provision	(25,642)
Net book amount	6,189,530

	RMB'000
Year ended 31 December 2021	
Opening net book amount	**6,189,530**
Additions	**101,772**
Transferred from property, plant and equipment	**290,769**
Impairment provision	**(4,169)**
Disposals	**(32,567)**
Amortisation charges	**(160,271)**
Closing net book amount	**6,385,064**
At 31 December 2021	
Cost	**7,841,194**
Accumulated amortisation	**(1,426,319)**
Impairment provision	**(29,811)**
Net book amount	**6,385,064**

22. LAND USE RIGHTS (CONTINUED)

Bank borrowings are secured on land use rights for the carrying value of RMB71,264,000 (2020: RMB67,508,000).

The Group's land use rights represent upfront payments for leasehold lands 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 RMB80,009,000 (2020: RMB76,523,000), selling expenses and general and administrative expenses with an amount of RMB78,039,000 (2020: RMB74,259,000) and construction in progress with an amount of RMB2,223,000 (2020: RMB1,052,000).

As at 31 December 2021, the Group was in process of applying the ownership certificates of land use rights with net carrying amounts of RMB558,507,000 (2020: RMB397,521,000).

As detailed in Note 18, during the year ended 31 December 2021, impairment losses of land use rights of Pingshuo Beiling amounting to RMB4,169,000 were recognised in other gains and losses, net (Note 9).

23(a) SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2021. 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 (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 (中煤平朔集團有限公司)	Shuozhou, the PRC	RMB 23,108,279,640	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 8,632,886,791	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 (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 894,964,305	100%	100%	–	Trading of mining equipment in Beijing, the PRC	Limited liability Company
China Coal Ordos Energy Chemical Company Limited (中煤鄂爾多斯能源化工有限公司)	Ordos, the PRC	RMB 5,492,099,300	100%	100%	–	Coal-chemical sales in Ordos, 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 2,474,873,500	100%	100%	–	Coal-chemical sales 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%	Electricity 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
Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited (內蒙古中煤蒙大新能源化工有限公司)	Ordos, the PRC	RMB 3,198,601,000	100%	100%	–	Manufacture and sale of coal-chemical products in Ordos, 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

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 Shaanxi Yulin Energy & Chemical Company Limited ("Shaanxi Yulin") (中煤陝西榆林能源化工有限公司)	Yulin, the PRC	RMB 11,076,660,000	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
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 5,024,897,212	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

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							
Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司)	Ordos, the PRC	RMB 1,032,399,000	75%	75%	25%	Manufacture and sale of coal-chemical products in Ordos, the PRC	Limited liability Company
China Coal Finance Co., Ltd. ("China Coal Finance") (中煤財務有限責任公司)	Beijing, the PRC	RMB 3,000,000,000	91%	91%	9%	Finance in Beijing, the PRC	Limited liability Company
Wushenqi Mengda Energy Environmental Protection Company Limited (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 Company Limited (中煤西北能源有限公司)	Ordos, the PRC	RMB 1,000,000,000	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

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests

The non-controlling interests are set out as below:

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Subsidiaries with material non-controlling interests		
Shanghai Datun	**4,105,295**	4,009,513
China Coal Huajin	**12,857,662**	10,281,081
Mengda Mining	**2,728,860**	1,592,067
Yihua Mining	**2,861,182**	2,355,070
Others	**6,060,863**	4,768,386
	28,613,862	23,006,117

There are no significant restrictions on the ability of 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 Datun	
	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Current assets	**2,776,711**	2,139,988
Non-current assets	**15,482,800**	15,204,441
	18,259,511	17,344,429
Current liabilities	**4,032,401**	4,325,978
Non-current liabilities	**3,287,693**	2,270,275
	7,320,094	6,596,253
Equity attributable to the equity holders of the Company	**6,834,122**	6,738,663
Non-controlling interests of Shanghai Datun	**4,063,975**	4,006,526
Non-controlling interests of Shanghai Datun's subsidiaries	**41,320**	2,987
Net assets	**10,939,417**	10,748,176

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	China Coal Huajin	
	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Current assets	**15,028,993**	10,129,730
Non-current assets	**14,682,304**	15,197,951
	29,711,297	25,327,681
Current liabilities	**4,362,401**	4,130,077
Non-current liabilities	**1,816,528**	2,153,195
	6,178,929	6,283,272
Equity attributable to the equity holders of the Company	**10,674,706**	8,763,328
Non-controlling interests of China Coal Huajin	**10,560,819**	8,724,397
Non-controlling interests of China Coal Huajin's subsidiaries	**2,296,843**	1,556,684
Net assets	**23,532,368**	19,044,409

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	Mengda Mining	
	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Current assets	**2,103,268**	1,475,990
Non-current assets	**13,697,413**	13,790,022
	15,800,681	15,266,012
Current liabilities	**2,722,232**	3,350,144
Non-current liabilities	**5,052,388**	7,233,317
	7,774,620	10,583,461
Equity attributable to the equity holders of the Company	**5,297,201**	3,090,484
Non-controlling interests of Mengda Mining	**2,728,860**	1,592,067
Net assets	**8,026,061**	4,682,551

	Yihua Mining	
	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Current assets	**1,658,706**	1,270,878
Non-current assets	**10,661,079**	10,839,801
	12,319,785	12,110,679
Current liabilities	**1,341,359**	4,701,445
Non-current liabilities	**5,139,282**	2,602,970
	6,480,641	7,304,415
Equity attributable to equity holders of the Company	**2,977,962**	2,451,194
Non-controlling interests of Yihua Mining	**2,861,182**	2,355,070
Net assets	**5,839,144**	4,806,264

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income

	Shanghai Datun	
	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	*RMB'000*
Revenue	**10,155,886**	7,654,121
Profit before income tax	**504,834**	706,162
Income tax expense	**(110,062)**	(178,365)
Profit for the year	**394,772**	527,797
Other comprehensive (expense) income for the year	**(2,615)**	2,561
Total comprehensive income for the year	**392,157**	530,358
Dividends paid to non-controlling interests of Shanghai Datun	**75,484**	64,894
Profit attributable to equity holders of the Company	**222,524**	372,592
Profit attributable to the non-controlling interests of Shanghai Datun	**133,915**	224,223
Profit (loss) attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**38,333**	(69,018)
Other comprehensive (expense) income attributable to the equity holders of the Company	**(1,633)**	1,599
Other comprehensive (expense) income attributable to the non-controlling interests of Shanghai Datun	**(982)**	962
Other comprehensive expense attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**–**	–
Total comprehensive income attributable to the equity holders of the Company	**220,891**	374,191
Total comprehensive income attributable to the non-controlling interests of Shanghai Datun	**132,933**	225,185
Total comprehensive income (expense) attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**38,333**	(69,018)

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income (continued)

	China Coal Huajin	
	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	*RMB'000*
Revenue	**14,741,655**	10,050,484
Profit before income tax	**7,875,386**	5,225,371
Income tax expense	**(2,329,837)**	(1,266,015)
Profit for the year	**5,545,549**	3,959,356
Other comprehensive (expense) income for the year	**(5,189)**	9,854
Total comprehensive income for the year	**5,540,360**	3,969,210
Dividends paid to non-controlling interests of China Coal Huajin	**220,500**	220,500
Profit attributable to the equity holders of the Company	**2,142,542**	1,688,658
Profit attributable to the non-controlling interests of China Coal Huajin	**2,058,521**	1,622,436
Profit attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**1,344,486**	648,262
Other comprehensive (expense) income attributable to the equity holders of the Company	**(1,664)**	3,131
Other comprehensive (expense) income attributable to the non-controlling interests of China Coal Huajin	**(1,599)**	3,008
Other comprehensive (expense) income attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**(1,926)**	3,715
Total comprehensive income attributable to the equity holders of the Company	**2,140,878**	1,691,789
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin	**2,056,922**	1,625,444
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**1,342,560**	651,977

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 2021	Year ended 31 December 2020
	RMB'000	*RMB'000*
Revenue	**7,676,736**	3,059,499
Profit before income tax	**3,961,737**	428,853
Income tax expense	**(618,044)**	(225,917)
Profit for the year	**3,343,693**	202,936
Other comprehensive expense for the year	**(184)**	(5)
Total comprehensive income for the year	**3,343,509**	202,931
Dividends paid to non-controlling interests of Mengda Mining	**–**	–
Profit attributable to the equity holders of the Company	**2,206,837**	133,938
Profit attributable to the non-controlling interests of Mengda Mining	**1,136,856**	68,998
Other comprehensive expense attributable to the equity holders of the Company	**(121)**	(3)
Other comprehensive expense attributable to the non-controlling interests of Mengda Mining	**(63)**	(2)
Total comprehensive income attributable to the equity holders of the Company	**2,206,716**	133,935
Total comprehensive income attributable to the non-controlling interests of Mengda Mining	**1,136,793**	68,996

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 2021	Year ended 31 December 2020
	RMB'000	*RMB'000*
Revenue	**3,822,219**	2,419,762
Profit before income tax	**1,222,482**	469,575
Income tax expense	**(189,601)**	(128,309)
Profit for the year	**1,032,881**	341,266
Other comprehensive expense for the year	**–**	(117)
Total comprehensive income for the year	**1,032,881**	341,149
Dividends paid to non-controlling interests of Yihua Mining	**–**	–
Profit attributable to the equity holders of the Company	**526,769**	174,046
Profit attributable to the non-controlling interests of Yihua Mining	**506,112**	167,220
Other comprehensive expense attributable to the equity holders of the Company	**–**	(60)
Other comprehensive expense attributable to the non-controlling interests of Yihua Mining	**–**	(57)
Total comprehensive income attributable to the equity holders of the Company	**526,769**	173,986
Total comprehensive income attributable to the non-controlling interests of Yihua Mining	**506,112**	167,163

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of cash flows

	Shanghai Datun		China Coal Huajin		Mengda Mining		Yihua Mining	
	Year ended 31 December 2021	Year ended 31 December 2020	**Year ended 31 December 2021**	Year ended 31 December 2020	**Year ended 31 December 2021**	Year ended 31 December 2020	**Year ended 31 December 2021**	Year ended 31 December 2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Net cash inflow from operating activities	**1,201,640**	622,338	**5,771,654**	6,053,949	**4,787,064**	1,199,122	**1,540,052**	658,383
Net cash outflow from investing activities	**(899,788)**	(678,561)	**(1,214,547)**	(121,339)	**(1,226,263)**	(1,055,228)	**(406,440)**	(449,160)
Net cash inflow (outflow) from financing activities	**53,554**	(71,170)	**(1,505,008)**	(1,907,015)	**(3,560,822)**	(85,807)	**(1,133,654)**	(209,207)
Net cash inflow (outflow)	**355,406**	(127,393)	**3,052,099**	4,025,595	**(21)**	58,087	**(42)**	16

23(b) INTERESTS IN ASSOCIATES

	2021	2020
	RMB'000	*RMB'000*
Beginning of the year	**20,653,583**	20,886,640
Additions	**200,000**	19,786
Disposal	**(6,000)**	(1,205)
Share of profits	**1,880,990**	491,916
Dividends	**(234,468)**	(733,768)
Others	**144,706**	(9,786)
End of the year	**22,638,811**	20,653,583

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 2021, 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) INTERESTS IN ASSOCIATES (CONTINUED)

Details of material associate as at 31 December 2021 and 2020

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 (2020: 38.75)	Equity method of accounting

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 IFRS Standards.

Summarised statement of financial position

	Zhongtian Synergetic	
	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Current assets	**3,532,054**	3,720,923
Non-current assets	**51,331,303**	53,124,173
Current liabilities	**(8,577,176)**	(8,315,428)
Non-current liabilities	**(22,216,117)**	(28,422,411)
Net assets	**24,070,064**	20,107,257

23(b) INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for a material associate (Continued)

Summarised statement of profit or loss and other comprehensive income

	Zhongtian Synergetic	
	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	*RMB'000*
Revenue	**16,958,840**	11,707,459
Profit before income tax	**4,913,411**	515,236
Profit for the year	**4,180,945**	428,853
Other comprehensive income	**–**	–
Total comprehensive income for the year	**4,180,945**	428,853
Dividends declared from the associate during the year	**86,069**	283,833

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	
	2021	2020
	RMB'000	*RMB'000*
Opening net assets at 1 January	**20,107,257**	20,415,057
Profit for the year	**4,180,945**	428,853
Dividends	**(222,112)**	(732,476)
Others	**3,974**	(4,177)
Closing net assets at 31 December	**24,070,064**	20,107,257
The Group's shares of net assets	**9,327,150**	7,791,563
Carrying value of interest in associate	**9,327,339**	7,791,753

23(b) INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	Year ended/as at 31 December 2021 *RMB'000*	Year ended/as at 31 December 2020 *RMB'000*
The Group's share of profit	**259,334**	327,165
The Group's share of other comprehensive income	**–**	308
The Group's share of total comprehensive income	**259,334**	327,473
Aggregate carrying amount of the Group's interests in these associates	**13,311,472**	12,861,830

23(c) INTERESTS IN JOINT VENTURES

	2021 *RMB'000*	2020 *RMB'000*
Beginning of the year	**3,210,569**	3,289,977
Additions	**12,069**	22,000
Share of profit	**1,398,617**	671,928
Dividends	**(572,842)**	(773,336)
End of the year	**4,048,413**	3,210,569

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 2021 and 2020:

Name of entity	**Principal place of business/country of establishment**	**% of ownership interest**	**Measurement method**
Yan'an Hecaogou Coal Company Limited ("Hecaogou Coal")	Yan'an, the PRC	50.00 (2020: 50.00)	Equity method of accounting
Hebei CNC Risun Energy Limited ("Risun Energy")	Hebei, the PRC	45.00 (2020: 45.00)	Equity method of accounting

23(c) INTERESTS 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 IFRS Standards.

Summarised statement of financial position

	Hecaogou Coal		**Risun Energy**	
	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*	**As at 31 December 2021** *RMB'000*	As at 31 December 2020 *RMB'000*
Cash and cash equivalents	**1,503,517**	85,967	**730,362**	752,487
Other current assets	**337,690**	91,153	**630,753**	1,692,322
Total current assets	**1,841,207**	177,120	**1,361,115**	2,444,809
Financial liabilities (excluding trade payables)	**–**	(137,500)	**(369,131)**	(70,000)
Other current liabilities	**(978,583)**	(631,047)	**(772,571)**	(1,876,309)
Total current liabilities	**(978,583)**	(768,547)	**(1,141,702)**	(1,946,309)
Total non-current assets	**4,318,896**	4,435,973	**3,029,825**	2,763,323
Financial liabilities	**(272,500)**	(192,500)	**–**	(487,280)
Other liabilities	**(487,894)**	(433,686)	**(21,392)**	(38,757)
Total non-current liabilities	**(760,394)**	(626,186)	**(21,392)**	(526,037)
Net assets	**4,421,126**	3,218,360	**3,227,846**	2,735,786

23(c) INTERESTS 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	
	Year ended 31 December 2021	Year ended 31 December 2020	**Year ended 31 December 2021**	Year ended 31 December 2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**4,312,014**	1,970,211	**7,689,977**	5,052,216
Profit before income tax	**2,610,993**	779,686	**865,311**	853,378
Profit for the year	**2,202,766**	651,620	**750,762**	768,364
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**2,202,766**	651,620	**750,762**	768,364
Dividends declared from the joint venture during the year	**500,000**	500,000	**72,842**	273,336

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	
Summarised financial information	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Opening net assets at 1 January	**3,218,360**	3,566,740	**2,735,786**	2,596,141
Profit for the year	**2,202,766**	651,620	**750,762**	768,364
Others	**–**	–	**(96,833)**	(21,307)
Dividends	**(1,000,000)**	(1,000,000)	**(161,869)**	(607,412)
Closing net assets at 31 December	**4,421,126**	3,218,360	**3,227,846**	2,735,786
The Group's share of net assets	**2,210,563**	1,609,180	**1,452,531**	1,231,104
Carrying value of interest in joint ventures	**2,209,806**	1,606,722	**1,504,717**	1,274,059

23(c) INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	Year ended/ as at 31 December 2021 *RMB'000*	Year ended/ as at 31 December 2020 *RMB'000*
The Group's share of profit (loss)	**(7,967)**	354
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income (expense)	**(7,967)**	354
Aggregate carrying amount of the Group's interests in these joint ventures	**333,890**	329,788

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Listed securities:		
– equity securities listed in the PRC	**22,288**	19,707
Unlisted securities:		
– equity securities *(Note)*	**2,395,546**	2,257,031
Total	**2,417,834**	2,276,738

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 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Finance lease receivables	**369,680**	285,212
Others	**–**	11,787
Total	**369,680**	296,999

The long-term receivables are neither past due nor impaired as at 31 December 2021 and 2020. The carrying amounts of long-term receivables approximate their fair values.

26. OTHER NON-CURRENT ASSETS

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Loans to the Parent Company and fellow subsidiaries *(Note (a))*	**1,915,142**	4,322,673
Prepayments for mining rights *(Note (b))*	**1,015,000**	1,015,000
Prepayments for land use rights *(Note (b))*	**429,040**	415,067
Deductible value added tax	**128,266**	170,797
Prepayments for construction in progress and equipment	**29,759**	41,363
Prepayments for long-term investments *(Note (c))*	**22,000**	448,300
Entrusted loans *(Note (d))*	**4,435**	4,435
Others	**311,526**	402,021
Total	**3,855,168**	6,819,656

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 3.59% to 5.02% (2020: ranging from 4.04% to 5.93%) per annum.

Included in the carrying amount of the loans to the Parent Company and fellow subsidiaries as at 31 December 2021 is accumulated credit losses of RMB38,825,000 (31 December 2020: RMB75,198,000). Details of impairment assessment are set out in Note 47.2.

(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) The prepayments for long-term investments decreased by RMB426,300,000 in the current year due to the recovery of prepayments for the acquisition and restructuring of local coal mines.

As at 31 December 2021, the prepayments for long-term investments are 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 2021 and 2020, the entrusted loans are bank loans entrusted by the Company to Zhongtian Synergetic, which are repayable in full in 2025 bearing interest at 4.75% per annum.

27. INVENTORIES

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000 (Restated)
Coal	**1,356,281**	598,743
Machinery for sale	**3,679,606**	3,054,728
Coal-chemical products	**855,584**	468,293
Auxiliary materials, spare parts and tools	**2,300,832**	2,936,846
	8,192,303	7,058,610

The provisions for impairment of inventories of the Group amounted to RMB655,167,000 as at 31 December 2021 (31 December 2020: RMB338,875,000 (restated)).

28. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI

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

Notes:

(a) Trade receivables are analysed as follows:

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

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

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

The Group does not hold any collateral as security.

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

Details of impairment assessment of trade receivables are set out in Note 47.2.

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

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000 (Restated)
RMB	**7,431,782**	7,221,028
US Dollar ("USD")	**114,130**	1,173
	7,545,912	7,222,201

(c) The carrying amounts of trade receivables approximate their fair values.

(d) Debt instruments at FVTOCI are notes receivables which are considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivables are principally bank accepted notes with maturity of less than one year (31 December 2020: less than one year).

(e) As at 31 December 2021, notes receivables of RMB236,199,000 (2020: RMB336,061,000) are pledged to banks for issuing notes payables amounting to RMB192,953,000 (2020: RMB325,358,000).

28. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Notes: (continued)

(f) Transfers of financial assets

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

As at 31 December 2021, the Group endorsed and discounted notes receivables of RMB4,695,454,000 (2020: RMB3,362,382,000) to suppliers and banks and such notes receivables were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivables have a right of recourse against the Group if the issuing banks default payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership relating to these notes receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated accounts payables. The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivables equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivables are not significant.

29. CONTRACT ASSETS

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Coal mining machinery – current	**1,662,944**	1,482,759

The provision for impairment of contract assets of the Group amounted to RMB14,981,000 as at 31 December 2021 (2020: RMB10,913,000).

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 obtaining the customers' testing certificate as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables in 12 months.

30. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000 (Restated)
Advances to suppliers *(Note (a))*	**2,322,846**	1,713,964
Other prepayments	**9,441**	89,870
Interest receivables	**669,296**	371,809
Dividend receivables	**236,831**	1,073,090
Loans to the Parent Company and fellow subsidiaries *(Note (b))*	**2,000,000**	1,055,622
Value added tax related to contract assets	**222,118**	190,425
Deductible value added tax and others	**1,006,876**	921,203
Other amounts due from related parties, gross *(Note (c))*	**810,052**	767,969
Other amounts due from third parties, gross *(Note (d))*	**1,927,867**	1,320,853
	9,205,327	7,504,805
Less: Allowance for credit losses *(Note (e))*	**(472,468)**	(523,084)
Prepayments and other receivables, net	**8,732,859**	6,981,721

Notes:

(a) Advances to suppliers are analysed as follows:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Advances to suppliers		
– Associates	**203,313**	77,288
– Fellow subsidiaries	**38,373**	28,032
– Third parties	**2,081,160**	1,608,226
	2,322,846	1,713,546

Included in the carrying amount of advances to suppliers as at 31 December 2021 is accumulated impairment losses of RMB51,832,000 (31 December 2020: RMB51,630,000).

(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 4.35%-4.94% (2020: ranging from 3.30% to 5.94%) per annum.

30. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(c) Other amounts due from related parties are analysed as follows:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Amounts due from related parties, gross		
– Associates	**650,757**	645,630
– Joint ventures	**400**	30
– Fellow subsidiaries	**158,895**	122,309
	810,052	767,969
Less: Allowance for credit losses	**(10,365)**	(11,009)
Amounts due from related parties, net	**799,687**	756,960

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 2021 is accumulated credit losses of RMB10,365,000 (31 December 2020: RMB11,009,000). Details of impairment assessment are set out in Note 47.2.

(d) Aging analysis of other amounts due from third parties is as follows:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Within 1 year	**1,007,618**	680,265
1 – 2 years	**484,085**	176,095
2 – 3 years	**125,975**	9,671
Over 3 years	**310,189**	454,822
Other amounts due from third parties, gross	**1,927,867**	1,320,853
Less: Allowance for credit losses	**(370,318)**	(453,611)
Other amounts due from third parties, net	**1,557,549**	867,242

(e) The provision for impairment mainly relates to amounts due from third parties and related parties.

Details of impairment assessment of other receivables are set out in Note 47.2.

(f) The carrying amounts of other receivables approximate their fair values.

(g) There are no collaterals for other receivables.

(h) The carrying amounts of other receivables are denominated in the following currencies:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
RMB	**3,119,499**	3,056,443
Others	**391**	5,823
	3,119,890	3,062,266

31. CASH AND BANK DEPOSITS

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Restricted bank deposits *(Note (a))*	**6,150,730**	4,596,040
Term deposits with initial terms of over three months *(Note (b))*	**35,678,680**	16,356,551
Cash and cash equivalents		
– Cash on hand	**146**	242
– Deposits with banks and other financial institutions *(Note (b))*	**31,095,085**	15,041,516
	72,924,641	35,994,349

Notes:

(a) Restricted bank deposits mainly include the deposits set aside for the environmental restoration fund and the transformation fund as required by the regulations, the deposits set aside for land rehabilitation, letter of credit deposits, bank acceptance bill deposits, letter of guarantee deposits, litigation deposits, etc. As at 31 December 2021, included in the restricted bank deposits, mandatory reserve deposits amounting to RMB3,268,227,000 (31 December 2020: RMB2,070,695,000) was set aside in the People's Bank of China.

(b) As at 31 December 2021, the interest rates on deposits ranged from 0.30% to 3.20% (2020: 0.30% to 3.30%) per annum.

(c) Deposits and cash and cash equivalents are denominated in the following currencies:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
RMB	**72,703,415**	35,771,779
USD	**213,857**	211,976
Others	**7,369**	10,594
	72,924,641	35,994,349

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 are 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 2021 RMB'000	As at 31 December 2020 RMB'000 (Restated)
Trade payables *(Note (a))*	**24,207,902**	20,675,351
Notes payables	**2,990,882**	4,522,036
	27,198,784	25,197,387

Notes:

(a) Trade payables are analysed as follows:

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

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

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

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

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

(c) The carrying amounts of trade and notes payables approximate their fair values.

(d) As at 31 December 2021, notes receivables with amount of RMB236,199,000 (2020: RMB336,061,000) are pledged to banks for issuing notes payables amounting to RMB192,953,000 (2020: RMB325,358,000) (Note 28(e)).

33. CONTRACT LIABILITIES

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
		(Restated)
Coal	**4,169,011**	2,782,200
Coal-chemical products	**485,434**	364,354
Mining machinery	**455,079**	404,113
Other	**67,399**	55,196
	5,176,923	3,605,863

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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 2021				
Revenue recognised that was included in the contract liability balance at the beginning of the year	**2,769,176**	**364,354**	**377,846**	**3,511,376**

	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,575,427	324,922	624,226	2,524,575

There is no revenue recognised from the performance obligation satisfied in prior periods.

33. CONTRACT LIABILITIES (CONTINUED)

The closing balance as at 31 December 2021 is expected to be settled in the following years:

	31 December 2021 *RMB'000*
2022	**5,160,472**
2023	**6,617**
On or after 2024	**9,834**
	5,176,923

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 are delivered to the customers, the previously recognised contract liabilities are recognised as revenue.

34. ACCRUALS, ADVANCES AND OTHER PAYABLES

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Payables for acquisition of subsidiaries *(Note (a))*	**714,118**	743,397
Payable for compensation for local mining companies	**42,636**	45,038
Dividends payable	**584,624**	820,758
Payables for site restoration	**116,192**	140,514
Mineral and water resource compensation payable	**128,263**	100,679
Salaries and staff welfare payable	**2,870,641**	1,729,938
Interest payable	**779,090**	827,805
Commission payable	**13,333**	41,533
Payables for mining rights	**346,267**	501,664
Payables for the mining rights transfer *(Note 41)*	**176,206**	145,956
Payable for mine capacity replacement quota	**–**	149,000
Advance from a non-controlling interest of a subsidiary	**72,838**	85,307
Contractors' deposits	**224,687**	233,895
Deposits from the Parent Company and fellow subsidiaries *(Note (b))*	**18,539,071**	7,852,633
Other amounts due to related parties *(Note (c))*	**246,100**	235,977
Other amounts due to third parties	**1,973,823**	1,674,350
Other tax payable	**3,001,520**	1,372,316
	29,829,409	16,700,760

Notes:

(a) As at 31 December 2021, 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 China Coal Finance. The deposits are unsecured and payable on demand or due within 12 month from the end of the reporting period, bearing interest at rates ranging from 0.35% to 3.15% (2020: 0.35% to 3.15%) per annum.

(c) Other amounts due to related parties are analysed below:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Amounts due to related parties, gross		
– The Parent Company	**57,006**	68,369
– Fellow subsidiaries	**184,960**	167,608
– Associates	**3,922**	–
– Joint ventures	**212**	–
	246,100	235,977

Amounts due to related parties are unsecured, interest-free and payable on demand.

34. ACCRUALS, ADVANCES AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

(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 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
– RMB	**29,829,270**	16,697,113
– Other currencies	**137**	3,647
	29,829,407	16,700,760

35. LEASE LIABILITIES

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Lease liabilities payable:		
Within one year	**74,325**	37,207
Within a period of more than one year but not exceeding two years	**79,057**	72,755
Within a period of more than two years but not exceeding five years	**123,759**	119,574
Within a period of more than five years	**216,632**	216,745
	493,773	446,281
Less: amount due for settlement with 12 months shown under current liabilities	**(74,325)**	(37,207)
Amount due for settlement after 12 months shown under non-current liabilities	**419,448**	409,074

36. BORROWINGS

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (e))*	**96,000**	20,000
– Guaranteed *(Note (d))*	**47,000**	140,000
– Unsecured	**438,547**	1,248,547
	581,547	1,408,547
Loans from non-controlling interests		
– Unsecured	**–**	260,000
	581,547	1,668,547
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (e))*	**667,402**	1,058,426
– Guaranteed *(Note (d))*	**163,650**	393,650
– Unsecured	**71,135,022**	64,940,030
	71,966,074	66,392,106
Loans from non-controlling interests		
– Unsecured	**54,858**	176,858
Loans from the Parent Company		
– Unsecured	**419,985**	419,985
	72,440,917	66,988,949
Less: amount due within one year shown under current liabilities	**(11,578,247)**	(15,472,354)
Non-current portion	**60,862,670**	51,516,595
Total short-term and long-term borrowings	**73,022,464**	68,657,496

36. BORROWINGS (CONTINUED)

Notes:

(a) The Group's long-term borrowings were repayable as follows：

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Bank loans and loans from other financial institutions		
– Within one year	**11,523,389**	15,397,496
– Between one and two years	**30,615,508**	13,581,757
– Between two and five years	**21,057,218**	31,778,803
– Over five years	**8,769,959**	5,634,050
	71,966,074	66,392,106
Loans from non-controlling interests and Parent Company		
– Within one year	**54,858**	74,858
– Between one and two years	**–**	20,000
– Between two and five years	**419,985**	479,985
– Over five years	**–**	22,000
	474,843	596,843

(b) The exposures of the Group's borrowings are as follows:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Fixed-rate borrowings	**5,182,547**	4,354,247
Variable-rate borrowings	**67,839,917**	64,303,249
	73,022,464	68,657,496

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 2021	As at 31 December 2020
Fixed-rate borrowings	**2.86% to 6.09%**	2.86% to 6.09%
Variable-rate borrowings	**3.10% to 5.00%**	3.10% to 5.05%

(c) As at 31 December 2021 and 2020, all borrowings were denominated in RMB.

36. BORROWINGS (CONTINUED)

Notes: (continued)

(d) The guaranteed borrowings are as follows:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Guaranteed by non-controlling shareholders of subsidiaries:		
– Guizhou Panjiang Investment Holdings Group Co., Ltd.	**40,000**	87,000
– Shanxi Coking Coal	**163,650**	393,650
– Liaoning Electric Group Co., Ltd.	**7,000**	53,000
	210,650	533,650

(e) The secured borrowings are as follows:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Secured by:		
– Property, plant and equipment	**713,402**	1,058,426
– Land use rights	**50,000**	20,000
	763,402	1,078,426

37. LONG-TERM BONDS

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Bonds payable:		
– medium-term notes	**19,940,370**	16,920,164
– corporate bonds	**4,271,457**	10,067,492
Commission payable	**38,667**	58,000
	24,250,494	27,045,656
Less: current portion of bonds payable	**(10,063,267)**	(5,797,259)
current portion of commission payable	**(13,333)**	(34,333)
Non-current portion	**14,173,894**	21,214,064

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 17 June 2015, the Company issued 100,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB10,000,000,000. The bonds are fully repayable on 18 June 2022 when they become due. These bonds carry a coupon rate of 4.95% per annum and the interest charge will be paid on 18 June annually in each of the following seven years. The effective interest rate is 5.20% per annum.

In addition, the Company is obliged to pay RMB168,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB24,000,000 annually. As agreed with the underwriter, first instalment of RMB24,000,000 was paid on 18 June 2015 when the transaction was completed and the same amount is payable on 18 June in each of the following six years.

(b) On 20 July 2017, the Company issued 10,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB997,000,000 after deducting the underwriting commission of RMB3,000,000. These bonds carry a coupon rate of 4.61% per annum with terms of 5 years, the interest charge will be paid on 20 July annually. The Company is entitled to adjust the coupon rate at the end of the third year with the rights of redemption exercisable by the bond holders. As at 31 December 2021, the remaining balance from the unexercised rights of redemption amounting to RMB74,397,000 was reclassified to current liabilities as the Company does not have an unconditional right to defer settlement in the coming year.

(c) On 9 May 2018, the Company issued 4,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB398,800,000 after deducting the underwriting commission of RMB1,200,000. These bonds carry a coupon rate of 5.00% per annum with terms of 7 years, the interest charge will be paid on 9 May annually. The Company is entitled to adjust the coupon rate at the end of the fifth year with the rights of redemption exercisable by the bond holders.

(d) On 6 July 2018, the Company issued 8,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB797,600,000 after deducting the underwriting commission of RMB2,400,000. These bonds carry a coupon rate of 4.89% per annum with terms of 7 years, the interest charge will be paid on 6 July annually. The Company is entitled to adjust the coupon rate at the end of the fifth year with the rights of redemption exercisable by the bond holders.

(e) 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 2026 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.

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.

(f) 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, the interest charge will be paid on 18 March annually. The effective interest rate is 3.62% per annum.

(g) 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, 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.

(h) 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 five 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, 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.

37. LONG-TERM BONDS (CONTINUED)

Notes: (continued)

(i) 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, first instalment of RMB3,000,000 was paid on 6 July 2021 when the transaction was completed and the same amount is payable on 6 July in each of the following four years.

The bonds/notes are initially recognised at the amount of the total proceeds net of the commission paid or payable on the dates of issuance. The accrued interest is recorded in interest payable (included in Note 34) as follows:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Interest payable for long-term bonds	**628,526**	686,023

38. DEFERRED INCOME 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 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Deferred tax assets	**2,373,505**	2,279,022
Deferred tax liabilities	**(5,597,260)**	(5,784,058)
	(3,223,755)	(3,505,036)

38. DEFERRED INCOME TAX (CONTINUED)

The gross movements on the Group's deferred income tax are as follows:

	2021	2020
	RMB'000	*RMB'000*
Beginning of the year	**(3,505,036)**	(3,091,077)
Charged to profit or loss *(Note 15)*	**277,588**	(406,636)
Charged to other comprehensive income *(Note 15)*	**3,693**	(7,323)
End of the year	**(3,223,755)**	(3,505,036)

Deferred income tax assets are recognised for tax losses carried-forward 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 income tax assets in respect of certain subsidiaries' accumulated tax losses of RMB8,703,899,000 (2020: RMB8,253,383,000) and deductible temporary differences of RMB5,220,574,000 (2020: RMB2,714,041,000 (restated)) as at 31 December 2021. The accumulated tax losses will expire between 2022 and 2026 (2020: between 2021 and 2025). The Group did not recognise these deferred income 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 income tax assets will expire in the following years :

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
2021	**–**	481,803
2022	**559,865**	836,392
2023	**2,138,565**	2,714,518
2024	**2,664,716**	2,664,716
2025	**1,555,954**	1,555,954
2026	**1,784,799**	–
	8,703,899	8,253,383

38. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income 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 *RMB'000*	Unrealisd profit *RMB'000*	Tax losses *RMB'000*	Amortisation *RMB'000*	Impairment of assets *RMB'000*	Deductible temporary differences arising from investments in subsidiaries *RMB'000*	Accrued expenses *RMB'000*	Fair value adjustments on debt instruments at FVTOCI *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2020	85,440	748,074	1,342,001	114,087	345,527	152,386	313,055	16,219	299,730	3,416,519
(Charged) credited to profit or loss (Restated)	(7,114)	(4,597)	(370,974)	5,516	13,014	4,434	(21,136)	–	(8,322)	(389,179)
Charged to other comprehensive income	–	–	–	–	–	–	–	(8,251)	–	(8,251)
At 31 December 2020	78,326	743,477	971,027	119,603	358,541	156,820	291,919	7,968	291,408	3,019,089
(Charged) credited to profit or loss	**(7,113)**	**74,848**	**(484,037)**	**12,132**	**305,229**	**–**	**222,678**	**–**	**221,530**	**345,267**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,691**	**107**	**3,798**
At 31 December 2021	**71,213**	**818,325**	**486,990**	**131,735**	**663,770**	**156,820**	**514,597**	**11,659**	**513,045**	**3,368,154**

38. DEFERRED INCOME TAX (CONTINUED)

Deferred tax liabilities:

	Depreciation *RMB'000*	**Mining funds** *(Note)* *RMB'000*	**Fair value adjustments not deductible for tax purpose** *RMB'000*	**Fair value adjustments for equity instruments** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
At 1 January 2020	(151,586)	(536,241)	(5,763,365)	(56,111)	(293)	(6,507,596)
(Charged) credited to profit or loss	(91,981)	16,690	57,541	–	293	(17,457)
Credited to other comprehensive income	–	–	–	928	–	928
At 31 December 2020	(243,567)	(519,551)	(5,705,824)	(55,183)	–	(6,524,125)
(Charged) credited to profit or loss	**(131,466)**	**13,563**	**50,224**	**–**	**–**	**(67,679)**
Credited to other comprehensive income	**–**	**–**	**–**	**(105)**	**–**	**(105)**
At 31 December 2021	**(375,033)**	**(505,988)**	**(5,655,600)**	**(55,288)**	**–**	**(6,591,909)**

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 excess 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

	2021	2020
	RMB'000	*RMB'000*
Beginning of the year	**3,268,945**	3,316,790
Interest charge on unwinding of discounts	**111,269**	93,110
Provision	**489,038**	8,830
Payments	**(218,493)**	(149,785)
End of the year	**3,650,759**	3,268,945
Less: current portion	**(66,874)**	(71,607)
Non-current portion	**3,583,885**	3,197,338

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, which the grants are intended to compensate. Government grants of RMB970,106,000 (2020: RMB9,652,000) have been received in the current year.

41. OTHER LONG-TERM LIABILITIES

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Payables for mining rights *(Note (a))*	**1,247,223**	1,949,625
Payables for the mining rights transfer *(Note (b))*	**2,395,326**	2,109,737
Payables for the acquisition of subsidiaries *(Note (c))*	**1,119,035**	1,431,398
Others	**86,667**	56,495
	4,848,251	5,547,255
Less: current portion of payables for mining rights	**(121,192)**	(94,001)
current portion of payables for the mining rights transfer *(Note 34)*	**(176,206)**	(145,956)
current portion of payables for the acquisition of subsidiaries	**(286,216)**	(286,216)
	4,264,637	5,021,082

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 RMB117,856,000 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).

(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 1 January 2020, 31 December 2020 and 2021:		
Domestic shares ("A shares") of RMB1.00 each		
– held by China Coal Group	7,605,208	7,605,208
– held by other shareholders	1,546,792	1,546,792
H shares of RMB1.00 each		
– held by a wholly-owned subsidiary of China Coal Group	132,351	132,351
– held by other shareholders	3,974,312	3,974,312
	13,258,663	13,258,663

There is no movement in the Company's issued share capital during the years ended 31 December 2021 and 2020.

Notes:

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

(b) As at 31 December 2021 and 2020, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H shares of the Company, representing around 1.00% of the Company's total share capital.

43. RESERVES AND RETAINED EARNINGS

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

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 RMB10 to RMB30 per ton of raw coal mined. The subsidiaries of the Company which are engaged in coal-chemical, machinery manufacturing, metallurgy and other relevant business are required to set aside an amount of certain percentage of revenue to a safety fund. The safety fund can be used for safety facilities and environment improvement, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount should be transferred from safety fund to retained earnings.

(d) Other funds relevant to coal mining

(i) Transformation and environmental restoration fund

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

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

(ii) Sustainable development fund

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

44. CASH GENERATED

44.1 Reconciliation of profit before income tax to cash generated from operations

	2021	2020
	RMB'000	*RMB'000*
		(restated)
Profit before income tax	**27,375,410**	11,686,224
Adjustments for:		
Depreciation charge	**9,845,719**	9,201,853
Amortisation charge	**970,482**	825,857
Provision for impairment of property, plant and equipment	**3,519,447**	15,601
Provision for impairment of prepayments	**202**	40
Provision for impairment of inventories	**338,587**	27,208
Provision for impairment of mining rights	**90,103**	7,000
Provision for impairment of land use rights	**4,169**	–
Impairment loss, net of reversal		
– Receivables	**38,221**	(9,727)
– Loans to the Parent Company and fellow subsidiaries	**(19,511)**	16,043
– Contract assets	**4,068**	6,335
– Debt instruments at FVTOCI	**(846)**	(9,568)
– Other	**(48)**	56
Net losses on disposals of property, plant and equipment, land use rights and intangible assets	**25,186**	21,230
Share of profits of associates and joint ventures	**(3,279,607)**	(1,163,844)
Net foreign exchange losses	**(26,317)**	10,391
Loss (gain) on disposal of subsidiaries and investments in associates	**137**	(1,110)
Interest income on term deposits with initial terms of over three months and loans to joint ventures and associates	**(83,383)**	(59,037)
Interest expense	**3,987,428**	4,639,167
Dividend income	**(2,623)**	(2,617)
Provision for close down, restoration, and environmental costs	**–**	–
Operating cash flows before movement in working capital	**42,786,824**	25,211,102
Changes in working capital:		
Inventories	**(1,761,044)**	1,004,638
Trade receivables and debt instruments at FVTOCI	**(3,931,678)**	2,437,042
Contract assets	**(184,253)**	(536,378)
Prepayments and other receivables	**(1,408,362)**	(542,053)
Restricted bank deposits	**(1,554,690)**	(1,174,813)
Trade and notes payables	**2,619,439**	(151,976)
Contract liabilities	**1,571,060**	1,017,010
Accruals, advances and other payables	**14,340,330**	(1,388,811)
Cash generated from operations	**52,477,626**	25,875,761

44. CASH GENERATED (CONTINUED)

44.2 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 2020	61,314,191	32,926,037	1,395,442	503,523	96,139,193
Proceeds from bonds and borrowings	36,478,940	4,995,170	–	–	41,474,110
Repayment of bonds and borrowings	(29,135,635)	(10,917,595)	–	–	(40,053,230)
Dividend and interest paid	–	–	(7,160,515)	–	(7,160,515)
Bonds commission fee paid	–	–	(41,933)	–	(41,933)
Finance costs	–	42,044	4,824,820	24,839	4,891,703
Dividend declared	–	–	2,613,049	–	2,613,049
Repayments of leases liabilities	–	–	–	(99,221)	(99,221)
Addition of lease liabilities	–	–	–	17,140	17,140
Transfer	–	(34,333)	34,333	–	–
Others	–	–	24,900	–	24,900
At 31 December 2020	68,657,496	27,011,323	1,690,096	446,281	97,805,196
Proceeds from bonds and borrowings	**24,218,881**	**2,997,000**	**–**	**–**	**27,215,881**
Repayment of bonds and borrowings	**(19,853,913)**	**(5,800,000)**	**–**	**–**	**(25,653,913)**
Dividend and interest paid	**–**	**–**	**(7,251,318)**	**–**	**(7,251,318)**
Bonds commission fee paid	**–**	**–**	**(41,533)**	**–**	**(41,533)**
Finance costs	**–**	**42,171**	**4,164,839**	**26,821**	**4,233,831**
Dividend declared	**–**	**–**	**2,855,590**	**–**	**2,855,590**
Repayments of leases liabilities	**–**	**–**	**–**	**(87,730)**	**(87,730)**
Addition of lease liabilities	**–**	**–**	**–**	**108,401**	**108,401**
Transfer	**–**	**(13,333)**	**13,333**	**–**	**–**
Others	**–**	**–**	**(53,960)**	**–**	**(53,960)**
At 31 December 2021	**73,022,464**	**24,237,161**	**1,377,047**	**493,773**	**99,130,445**

44. CASH GENERATED (CONTINUED)

44.2 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 2021 and 2020 include:

The Group endorsed bank acceptance notes amounting to RMB145,719,000 (2020: RMB615,475,000) to settle the payables for purchase of property, plant and equipment during the year.

During the prior year, the Group completed the acquisition of the 100% equity interest in Panjiayao. The consideration amounting to RMB2,853,864,000 comprised delivery of agreed quantity of coal over agreed time span.

45. CONTINGENT LIABILITIES

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

In 2021, Wushengqi State-owned Assets Investment and Management Co., LTD. ("Wushengqi") launched claims to Yihua Mining, Mengda Mining and Yinhe Hongtai, for (1) the contracts entered on December 25, 2008 for the transfer of mining rights in Mudu Chaideng Coal Mine to Yihua Mining, (2) the contract entered on 25 December 2008 for the transfer of mining rights in No. 2 Coal Mine in Nalinhe Mine Area to Mengda Mining; and (3) the contract entered on July 26, 2007 for the transfer of relevant mining right to Yinhe Hongtai. Wushengqi claimed that these contracts were invalid as these transfer of mining rights violated the relevant rules and regulations of the Inner Mongolia Autonomous Region while they were determined below the required minimum transfer price for high-quality thermal coal. The Company has been sued for the differences between the required minimum prices and the actual transfer considerations paid by the then-existing owners of these entities.

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

46. FINANCIAL GUARANTEE CONTRACTS

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

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

	Year of maturity	**As at 31 December 2021 Face value *RMB'000***	As at 31 December 2020 Face value *RMB'000*
Bank loans of:			
– Related parties *(Note 50)*	2035	**7,504,455**	10,769,519
– Third parties	2045	**316,000**	316,000
Total		**7,820,455**	11,085,519

In addition to the above disclosed, outstanding financial guarantee provided by the Group in respect of unutilised bank facilities of Zhongtian Synergetic, an associate of the Group, and Hecaogou Coal, a joint venture of the Group, amounted to approximately RMB11.3 billion and RMB811 million respectively, as at 31 December 2021 (31 December 2020: RMB8,600 million and RMB710 million respectively).

47. FINANCIAL RISK MANAGEMENT

47.1 Categories of financial instruments

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Finance Assets		
Equity instruments at FVTOCI	**2,417,834**	2,276,738
Debt instruments at FVTOCI	**5,926,495**	3,520,823
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments	**10,665,802**	10,284,467
– Long-term receivables	**–**	11,787
– Loans to the Parent Company and fellow subsidiaries	**3,884,903**	5,378,295
– Restricted bank deposits and term deposits over three months	**41,829,410**	20,952,591
– Cash and cash equivalents	**31,095,231**	15,041,758
– Entrusted loans	**4,435**	4,435
Total	**95,824,110**	57,470,894

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Finance Liabilities		
Financial liabilities at amortised cost		
– Borrowings	**73,022,464**	68,657,496
– Bonds	**24,237,161**	27,011,323
– Trade and other payables	**50,678,141**	38,451,548
– Other long-term liabilities	**3,100,118**	3,558,940
Total	**151,037,884**	137,679,307

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Financial risk management objectives and policies

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group'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 it 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, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises. If USD had appreciated/depreciated by 10% against RMB, the Group's post-tax profit for 2021 would have increased/decreased by RMB16,329,000 (2020: RMB15,650,000), 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 (2020: 50 basis points) higher/lower with all other variables held constant, post-tax profit for 2021 would have been lower/higher by RMB228,253,000 (2020: RMB219,385,000) after consideration of capitalisation of interest expenses.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through 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.

(b) Credit risk and impairment assessment

As at 31 December 2021, 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 46. 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, the 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 in 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.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

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.

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 2021:

	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	**5,926,495**	**–**	**–**	**5,926,495**
Financial assets at amortised cost				
– Trade receivables *(Note ii)*	**N/A**	**8,069,377**	**30,022**	**8,099,399**
– Other receivables	**3,117,242**	**64,870**	**328,175**	**3,510,287**
– Loans to the Parent Company and fellow subsidiaries	**3,953,968**	**–**	**–**	**3,953,968**
– Restricted bank deposits and term deposits over three months	**41,829,410**	**–**	**–**	**41,829,410**
– Cash and cash equivalents	**31,095,231**	**–**	**–**	**31,095,231**
– Entrusted Loans	**4,439**	**–**	**–**	**4,439**
Other items subject to ECL				
Contract assets *(Note ii)*	**N/A**	**1,677,925**	**–**	**1,677,925**
Finance lease receivables *(Note ii)*	**N/A**	**369,680**	**–**	**369,680**
Financial guarantee contracts *(Note i)*	**19,935,759**	**–**	**–**	**19,935,759**

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

As at 31 December 2020 (Restated):

	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	3,520,823	–	–	3,520,823
Financial assets at amortised cost				
– Trade receivables *(Note ii)*	N/A	7,747,083	35,328	7,782,411
– Other receivables	3,107,335	28,376	398,009	3,533,720
– Long-term receivables	11,787	–	–	11,787
– Loans to the Parent Company and fellow subsidiaries	5,466,871	–	–	5,466,871
– Restricted bank deposits and term deposits over three months	20,952,591	–	–	20,952,591
– Cash and cash equivalents	15,041,758	–	–	15,041,758
– Entrusted Loans	4,439	–	–	4,439
Other items subject to ECL				
Contract assets *(Note ii)*	N/A	1,493,672	–	1,493,672
Finance lease receivables *(Note ii)*	N/A	285,212	–	285,212
Financial guarantee contracts *(Note i)*	20,395,597	–	–	20,395,597

Notes:

(i) For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

(ii) For trade 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.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 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 2020 (Restated)	210,756	315,310	526,066
– Impairment losses recognised	18,358	33,782	52,140
– Impairment losses reversed	(3,744)	(698)	(4,442)
– Write-offs	–	(2,641)	(2,641)
– Transfer	(48,772)	48,772	–
As at 31 December 2020	176,598	394,525	571,123
– Impairment losses recognised	**12,860**	**27,034**	**39,894**
– Impairment losses reversed	**(10,410)**	**(400)**	**(10,810)**
– Write-offs	**–**	**(31,731)**	**(31,731)**
– other	**(8)**	**–**	**(8)**
As at 31 December 2021	**179,040**	**389,428**	**568,468**

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.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 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, entrust 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 2020 (Restated)	136,206	8,918	449,965	595,089
– Impairment losses recognised	17,249	1,434	432	19,115
– Impairment losses reversed	(1,586)	(6)	(52,570)	(54,162)
– Others	–	–	(8)	(8)
As at 31 December 2020	151,869	10,346	397,819	560,034
– Impairment losses recognised	**424**	**6,626**	**7,887**	**14,937**
– Impairment losses reversed	**(20,231)**	**(365)**	**(467)**	**(21,063)**
– Write-offs	**–**	**–**	**(94,260)**	**(94,260)**
– Others	**–**	**–**	**(2)**	**(2)**
As at 31 December 2021	**132,062**	**16,607**	**310,977**	**459,646**

(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.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

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.

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 2021							
Borrowings	**3.98%**	**15,308,685**	**33,024,433**	**23,306,740**	**9,971,739**	**81,611,597**	**73,022,464**
Bonds	**4.26%**	**11,146,550**	**1,777,153**	**13,449,900**	**518,000**	**26,891,603**	**24,237,161**
Trade and other payables	**N/A**	**50,678,141**	**–**	**–**	**–**	**50,678,141**	**50,678,141**
Other long-term liabilities	**N/A**	**–**	**479,155**	**769,968**	**4,257,594**	**5,506,717**	**3,100,118**
Lease liabilities	**N/A**	**74,325**	**98,171**	**215,750**	**199,671**	**587,917**	**493,773**
Financial guarantees	**N/A**	**19,935,759**	**–**	**–**	**–**	**19,935,759**	**–**
Total		**97,143,460**	**35,378,912**	**37,742,358**	**14,947,004**	**185,211,734**	**151,531,657**
At 31 December 2020 (Restated)							
Borrowings	4.20%	19,765,548	15,453,895	34,006,585	6,619,996	75,846,024	68,657,496
Bonds	4.55%	7,048,183	11,023,550	11,667,353	536,500	30,275,586	27,011,323
Trade and other payables	N/A	38,451,548	–	–	–	38,451,548	38,451,548
Other long-term liabilities	N/A	–	291,456	759,873	4,454,710	5,506,039	3,558,940
Lease liabilities	N/A	37,207	109,016	161,896	299,124	607,243	446,281
Financial guarantees	N/A	20,395,597	–	–	–	20,395,597	–
Total		85,698,083	26,877,917	46,595,707	11,910,330	171,082,037	138,125,588

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 46.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 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).

	Fair value as at			
Financial assets	**31 December 2021** *RMB'000*	31 December 2020 *RMB'000* (Restated)	**Fair value hierarchy**	**Valuation technique (s) and key input (s)**
1) Listed equity instruments at FVTOCI	**22,288**	19,707	Level 1	Quoted bid prices in an active market.
2) Debt instruments at FVTOCI	**5,926,495**	3,520,823	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawees of notes at the end of the reporting period.
3) Unlisted equity instruments at FVTOCI	**2,395,546**	2,257,031	Level 3	Income or Market approach, when 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 the 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 investment and the referenced comparable.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Fair value estimation (continued)

(ii) Reconciliation of Level 3 fair value measurements of financial assets

Unlisted equity instruments at FVTOCI

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Beginning of the year	**2,257,031**	2,304,025
Additions	**50,530**	–
Total gains (losses) in other comprehensive income	**87,985**	(46,994)
End of the year	**2,395,546**	2,257,031

Included in other comprehensive income is gain of RMB87,985,000 (2020: loss of RMB46,994,000) 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 2021		As at 31 December 2020	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Long-term borrowings (Level 2)	**60,862,670**	**60,930,529**	51,516,595	51,665,773
Long-term bonds (including amounts due within one year) (Level 1)	**24,237,161**	**25,256,456**	27,011,323	27,858,680

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.

48. 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 for shareholders and benefits for 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. Total capital is calculated as "equity" under China Accounting Standards for Business Enterprises and net debt.

The gearing ratios at 31 December 2021 and 2020 were as follows:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000* (Restated)
Total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries	**115,839,879**	103,537,452
Less: cash and cash equivalents	**(31,095,231)**	(15,041,758)
Net debt	**84,744,648**	88,495,694
Total equity	**142,402,768**	124,995,513
Total capital	**227,147,416**	213,491,207
Gearing ratio	**37%**	41%

49. COMMITMENTS

(a) Capital commitments

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

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

(b) Investment commitments

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

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

According to the agreement entered into in June 2021, China Coal Pingshuo Group Co., Ltd ("Pingshuo Group"), a subsidiary of the Company, invested RMB1,000 million as a limited partner to subscribe for the fund shares of Shuozhou Huashuo Jinshi Energy Industry Transformation Master Fund Partnership (limited partnership) ("Partnership"). Pingshuo Group has invested RMB200 million in Partnership as at 31 December 2021 and is committed to invest the remaining subscribed capital of RMB800 million during the investment period of the Partnership.

50. 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 2021 and 2020.

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

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
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	**3,572,928**	3,288,544
Charges for social and support services provided by the Parent Company and fellow subsidiaries	**49,149**	146,382
Sales of production materials, machinery and equipment to the Parent Company and fellow subsidiaries	**3,469,558**	1,602,211
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	**2,879**	4,371
Mine Construction, Design and General Contracting Service *(Note (ii))*:		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	**3,178,581**	3,087,658
Leasing *(Notes (iii) and (vii))*:		
Rental fees relating to property leasing paid to the Parent Company and fellow subsidiaries	**59,310**	63,902
Coal Supplies *(Note (iv))*:		
Coal purchased from the Parent Company and fellow subsidiaries	**5,972,370**	3,398,540

50. 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, and primary shareholders with significant influence over subsidiaries (continued)

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Financial Services ***(Note (v))*****:**		
Loans provided to the Parent Company and fellow subsidiaries	**1,229,500**	2,554,000
Loans repayment received from the Parent Company and fellow subsidiaries	**2,742,403**	1,443,821
Deposits received from the Parent Company and fellow subsidiaries	**10,542,323**	–
Deposits paid to the Parent Company and fellow subsidiaries	**–**	1,075,057
Interest paid or payable to the Parent Company and fellow subsidiaries	**148,581**	72,782
Interest received or receivable from the Parent Company and fellow subsidiaries	**245,908**	242,125
Charges for providing entrusted loans	**838**	1,486
Entrusted loans entrusted by the Parent Company	**–**	419,985
Interest paid or payable arising from entrusted loans entrusted by the Parent Company	**19,523**	13,638
Fee paid for use of trademark to the Parent Company ***(Note (vi))***	**RMB 1**	RMB 1

50. 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, and primary shareholders with significant influence over subsidiaries (continued)

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Transactions with associates of the Group:		
Sales and services provided:		
Sales of machinery and equipment	**421,999**	388,621
Sales of materials and spare parts	**73,074**	103,074
Railway rental income	**210,936**	153,266
Income from providing labour services	**7,066**	10,152
Sales of coal	**3,653,347**	2,167,761
Sales of providing production materials and auxiliary services	**189,413**	221,120
Charges paid for agency services of coal export	**–**	–
Purchases of goods and services:		
Purchases of coal	**3,949,255**	2,189,978
Purchases of materials and spare parts	**1,969,376**	1,848,993
Transportation services purchased	**2,533,909**	2,781,595
Receiving social services, railway custody service, construction and technical services	**244,912**	156,229
Financial services:		
Loan repayment from associates of the Group	**–**	1,275,000
Entrusted loans provided	**–**	4,439
Interest income	**30,302**	31,141
Transactions with a substantial shareholder of a significant subsidiary		
Sales and services provided *(Note (viii))*		
Sales of coal	**854,438**	541,329
Purchases of goods and services *(Note (viii))*:		
Purchases of coal	**16,044**	–

50. 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, and primary shareholders with significant influence over subsidiaries (continued)

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Transactions with the primary shareholders with significant influence over subsidiaries：		
Sales and services provided：		
Sales of coal	**53,605**	56,082

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Commitments to the Parent Company and fellow subsidiaries:		
With the Parent Company and fellow subsidiaries		
– Purchases of services	**3,862,641**	5,118,166
– Purchases of goods	**226,093**	178,717
Total	**4,088,734**	5,296,883

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Loan guarantees to associates and joint ventures of the Group:		
– Associates	**7,415,705**	10,579,519
– A joint venture	**88,750**	190,000
Total	**7,504,455**	10,769,519

50. 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, and primary shareholders with significant influence over 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.

(ii) The Company and China Coal Group entered into a Mine Construction and Design Framework Agreement on 5 September 2006, followed with contract renewal under the name of Mine Construction, Mine Design and General Contracting Service Framework Agreement upon its expiry date of 31 December 2008. Subsequently, the Company and China Coal Group extended this contract and changed its name to Project Design, Construction and General Contracting Framework Agreement when the contract was due on 31 December 2011. The deal mainly included:

- China Coal Group provides the Company with engineering design, construction and general contracting;
- China Coal Group undertakes projects which the Company subcontracts; and
- For engineering design, construction and general contracting, services providers and pricing would be determined in the form of public bidding.

The agreement was renewed to extend the term to 31 December 2023.

(iii) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases from China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three years based on market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective until December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017, RMB120,000,000 for 2018 to 2020, and RMB280,000,000 for 2021 to 2023.

(iv) The 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.

(v) China Coal Finance Co., Ltd. and China Coal Group entered into a Financial Services Framework Agreement on 23 October 2014, under which China Coal Finance Co., Ltd. provides financial services to China Coal Group within its business scope. This agreement was renewed to extend the term to 31 December 2023.

(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 purchases the coal and coal related products and accepts services from Shanxi Coking Coal and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal related products and accepts services from the Group. The agreement was renewed to extend the term to 31 December 2023.

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

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

50. 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 2020 and 2021, majority of the following Group's activities are conducted with other government-related entities:

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

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

- Lease of assets; and
- Retirement benefit plans.

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

50. 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	
	2021	2020
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**2,714**	2,371
– Other key management	**3,144**	3,960
	5,858	6,331
Pension costs-defined contribution plans		
– Directors and supervisors	**291**	133
– Other key management	**363**	313
	654	446
	6,512	6,777

51. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	As at 31 December 2021	As at 31 December 2020
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**35,553**	102,320
Intangible assets	**77,396**	73,971
Investments in subsidiaries	**86,140,832**	85,066,084
Investments in associates	**14,377,652**	14,377,650
Investments in joint ventures	**213,433**	213,433
Equity instruments at FVTOCI	**2,066,604**	1,978,191
Deferred income tax assets	**627,608**	1,088,528
Loans to subsidiaries	**6,305,234**	9,089,947
Other non-current assets	**720,261**	1,134,584
	110,564,573	113,124,708
Current assets		
Inventories	**1,129,372**	166,846
Trade receivables	**373,640**	386,599
Prepayments and other receivables	**145,273**	323,795
Amounts due from subsidiaries	**10,649,168**	17,149,025
Term deposits with initial terms of over three months	**2,150,000**	2,256,304
Cash and cash equivalents	**23,442,758**	12,082,474
	37,890,211	32,365,043
TOTAL ASSETS	**148,454,784**	145,489,751
EQUITY		
Share capital	**13,258,663**	13,258,663
Reserves	**44,731,675**	43,972,115
Retained earnings	**22,024,560**	20,293,329
Total equity	**80,014,898**	77,524,107

51. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Statement of financial position of the Company (continued)

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
LIABILITIES		
Non-current liabilities		
Long-term borrowings	**28,432,818**	24,313,485
Long-term bonds	**14,173,894**	21,214,064
	42,606,712	45,527,549
Current liabilities		
Trade and notes payables	**1,000,052**	229,182
Contract liabilities	**6,885**	6,953
Accruals, advances and other payables	**11,165,910**	8,519,468
Taxes payable	**7,393**	5,233
Current portion of long-term borrowings	**3,589,667**	7,880,000
Current portion of long-term bonds	**10,063,267**	5,797,259
	25,833,174	22,438,095
Total liabilities	**68,439,886**	67,965,644
TOTAL EQUITY AND LIABILITIES	**148,454,784**	145,489,751

51. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Capital reserve *RMB'000*	Statutory reserve funds *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2020	38,713,240	4,482,959	513,617	19,064,994	62,774,810
Profit and total comprehensive (expense) income for the year	–	–	(52,134)	3,226,618	3,174,484
Appropriations	–	314,433	–	(314,433)	–
Dividends	–	–	–	(1,683,850)	(1,683,850)
Others	–	–	–	–	–
At 31 December 2020	38,713,240	4,797,392	461,483	20,293,329	64,265,444
Profit and total comprehensive income for the year	**–**	**–**	**88,413**	**4,179,039**	**4,267,452**
Appropriations	**–**	**671,147**	**–**	**(671,147)**	**–**
Dividends	**–**	**–**	**–**	**(1,776,661)**	**(1,776,661)**
Others	**–**	**–**	**–**	**–**	**–**
At 31 December 2021	**38,713,240**	**5,468,539**	**549,896**	**22,024,560**	**66,756,235**

52. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

Financial Summary for Recent Five Years

Unit: RMB1 thousand

	2017 Annual Report (Restated)	2018 Annual Report (Restated)	2019 Annual Report (Restated)	2020 Annual Report (Restated)	**2021 Annual Report**
Revenue and Profit					
Revenue	81,512,560	104,140,084	129,334,707	140,964,681	**231,127,302**
Profit before income tax	7,075,008	9,925,298	13,024,481	11,686,224	**27,375,410**
Income tax expense	1,656,129	2,534,776	3,500,818	3,363,448	**6,554,474**
Profit for the year	5,418,879	7,390,522	9,523,663	8,322,776	**20,820,936**
Attributed to					
Equity holders of the Company	3,367,239	4,406,148	6,199,338	5,353,650	**14,714,915**
Non-controlling interests	2,051,640	2,984,374	3,324,325	2,969,126	**6,106,021**
Dividends	724,328	1,030,373	1,687,931	1,771,250	**3,984,572**
Basic earnings per share attributable to the equity holders of the Company (RMB per share)	0.25	0.33	0.47	0.40	**1.11**
Assets and Liabilities					
Non-current assets	202,413,120	209,296,426	217,443,719	220,571,500	**216,343,868**
Current assets	49,587,129	54,976,390	55,107,152	62,260,463	**104,985,154**
Current liabilities	64,139,383	68,848,301	83,697,464	69,265,942	**87,745,103**
Net current (liabilities)/assets	(14,552,254)	(13,871,911)	(28,590,312)	(7,005,479)	**17,240,051**
Total assets less current liabilities	187,860,866	195,424,515	188,853,407	213,566,021	**233,583,919**
Non-current liabilities	81,438,432	84,924,529	71,575,881	88,758,612	**91,419,948**
Net assets	106,422,434	110,499,986	117,277,526	124,807,409	**142,163,971**
Equity attributable to the equity holders of the Company	89,301,594	91,951,172	97,047,962	101,801,292	**113,550,109**
Non-controlling interests	17,120,840	18,548,814	20,229,564	23,006,117	**28,613,862**

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
Person-in-charge 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	Shanghai Securities Journal, 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.hkex.com.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	中煤能源	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	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	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office address of the domestic accounting firm of the Company	30/F, Bund Center, 222 Yan An Road East, Huangpu District, Shanghai, China
International accounting firm of the Company	Deloitte Touche Tohmatsu Registered Public Interest Entity Auditors
Office address of the international accounting firm of the Company	35/F, One Pacific Place, 88 Queensway, Hong Kong

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact address	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:

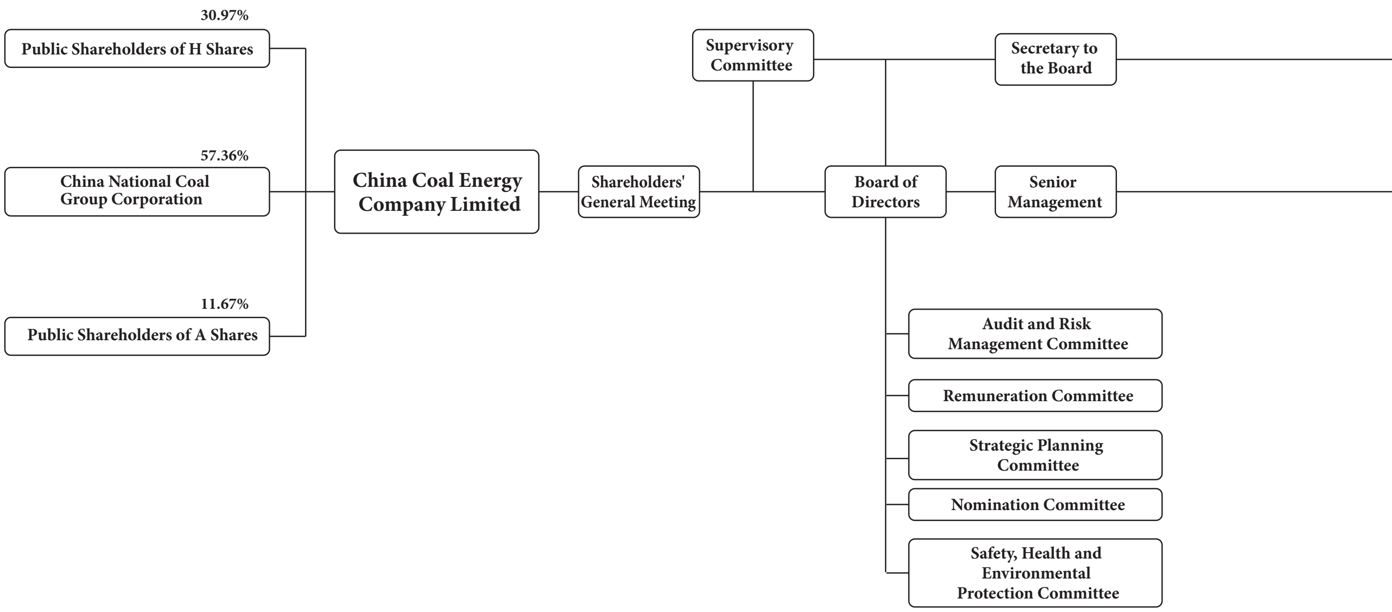
Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Director(s)	the director(s) of the Company, including all the executive 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 Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical 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.
Northwest Energy Company	China Coal Northwest Energy Company Limited
Mengda Mining	Wushenqi Mengda Mining Company Limited
Pingshuo Industrial Group	Pingshuo Industrial Group Co., Ltd.
Finance Company	China Coal Finance Co., Ltd.
Xinji Energy	China Coal Xinji Energy Co., Ltd.
Hami Coal Industry Company	China Coal Hami Coal Industry Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited

Definitions

Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Zhongtian Hechuang	Zhongtian Hechuang Energy Co., Ltd.
Shanxi Coking	Shanxi Coking Co., Ltd.
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.
Jinchang Mining	Shanxi Puxian China Coal Jinchang Mining Company Limited
Yushuo Mining	Shanxi Puxian China Coal Yushuo Mining Company Limited
Wushenqi State-owned Company	Wushenqi State-owned Assets Investment and Operation Co., Ltd.
Yihua Mining	Ordos Yihua Mining Resources Company Limited
Yinhe Hongtai Company	Ordos Yinhe Hongtai Coal Power Company Limited
Pingshuo Mine Area	a mining area located in Shanxi Province, mainly comprising Antaibao Open Pit Mine, Anjialing Open Pit Mine as well as East Open Pit Mine
East Open Pit Mine	East Open Mine of China Coal Pingshuo Group
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited
Wangjialing Coal Mine	Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
Zhundong Wucai Bay 2×660MW North Second Power Plant	The second power plant located in the north of Wucai Bay in Zhundong of China Coal Xinjiang Coal Electricity Chemical Company Limited
Shanghai Thermal Power Plant	The thermal power plant of Shanghai Datun Energy 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
Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas	the technological transformation project of annual methanol output of 1 million tonnes from synthetic gas of China Coal Ordos Energy Chemical Company Limited

Xishahe Coal Mine	Xishahe Coal Mine of Shanxi China Coal Xishahe Coal Industry Co., Ltd.
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

- General Office
- Securities Affairs Department
- Department of Plan and Development (International Collaboration & Development Department/New Energy Development Department)
- Department of Human Resources
- Department of Production and Infrastructure Management
- Finance Department
- Department of Coal Chemical Business (Department of Coal Chemical Safety Supervision, Coal Chemical Research Institute)
- Department of Technology and Innovation
- Department of Safety, Health and Environmental Protection
- Legal and Compliance Department
- Audit Department
- Department of Equipment and Business
- Coal Sales Centre
- Coal Chemical Products Sales Centre

Subsidiaries

China Coal Pingshuo Group Company Limited	100%
Shanghai Datun Energy Resources Company Limited	62.43%
China National Coal Mining Equipment Company Limited	100%
China Coal and Coke Holdings Limited	100%
China Coal Huajin Energy Group Limited	51%
Ordos Yihua Mining Resources Company Limited	51%
Wushenqi Mengda Mining Company Limited	66%
China Coal Hami Coal Industry Company Limited	100%
Shanxi Puxian China Coal Jinchang Mining Company Limited	51%
Shanxi Puxian China Coal Yushuo Mining Company Limited	63%
China Coal Xinjiang Coal Electricity Chemical Company Limited	60%
China Coal Heilongjiang Coal Chemical Company Limited	100%
Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited	100%
China Coal Finance Co., Ltd.	91%
Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited	75%
China Coal Ordos Energy Chemical Company Limited	100%
China National Coal Development Company Limited	100%
Ordos Yinhe Hongtai Coal Power Company Limited	78.84%
Shanxi Zhongxin Tangshangou Coal Industry Company Limited	80%
China Coal Sales and Transportation Company Limited	100%
Datong China Coal Export Base Development Company Limited	60%
China Coal Shannxi Yulin Energy & Chemical Company Limited	100%
China Coal Northwest Energy Company Limited	100%
China Coal Chemicals (Tianjin) Company Limited	100%

Equity Investment Companies

Zhongtian Hechuang Energy Co., Ltd	38.75%
Taiyuan Coal Gasification Longquan Energy Development Company Limited	40%
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	15.83%
Datong Zhongxin Energy Company Limited	42%
Zhejiang Zheneng China Coal Zhoushan Coal & Electricity Company Limited	27%
Tianjin Port China Coal Huaneng Coal Terminal Company Limited	24.5%
Huajin Coking Coal Company Limited	49%
Guotou China Coal Tongmei Jingtang Port Company Limited	21%
Mengji Railway Company Limited	4.95%
Ordos Southern Railway Company Limited	4.71%
Tangshan Caofeidian Coal Port Company Limited	5%
Gansu China Coal Tianda Energy Company Limited	50%
Hohhot-Zhungeer-Ordos Railway Company Limited	2.88%
Haoji Railway Co., Ltd.	2.36%
China National Coal Exchange Co., Ltd.	5%

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

Address	:	No. 1 Huangsidajie, Chaoyang District, Beijing, China
Post Code	:	100120
Telephone	:	(010) 82236028
Fax	:	(010) 82256484
Website	:	www.chinacoalenergy.com