年度报告

Annual Report 2022

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 2022, China Coal Energy resolutely implemented the decisions and deployment of the State Council of China, and by embracing, studying and carrying out the spirit of the 20th Party Congress, we insisted on high-quality development, fully implemented the development direction of "efficiency enhancement and incremental transformation", and accelerated the building of a world-class energy enterprise. During the reporting period, sales revenue from major products such as coal, coal chemical and coal mining equipment maintained the momentum of growth. The Group realised profit before tax of RMB34.583 billion, representing a year-on-year increase of 24.1%; profit attributable to equity holders of the Company amounted to RMB19.719 billion, representing a year-on-year increase of 30.0%; net cash inflow created by production and sales activities amounted to RMB40.049 billion, representing a year-on-year increase of 7.3%. The return on net assets increased by 2.1 percentage points year-on-year; and the gearing ratio decreased by 6.2 percentage points over the beginning of the year.

Resolutely carrying out the mission of securing energy supply and making positive contributions to stable economic and social development. We organized coal production and sales in a scientific manner, vigorously released advanced production capacity while ensuring safety, and strictly implemented the national policy on supply and price stability. During the year, we produced 119.17 million tonnes of self-produced commercial coal, representing a year-on-year increase of 4.4%, and continued to operate coal chemical business in a safe, efficient and stable manner. The output of the major products reached 5.667 million tonnes, representing a year-on-year increase of 3.4%, despite the scheduled overhaul of some equipment. We continuously enhanced the high-end manufacturing and intelligent research and development of coal mining equipment and achieved an output value of RMB9.96 billion, representing a year-on-year increase of 5.3%. We continued to promote technological innovation through financial business and unremittingly improved the level of intensive and lean management of funds. The asset scale of the Finance Company reached nearly RMB100 billion, leading the industry in terms of capital concentration and operation efficiency, which further enhanced the service guarantee capability.

The sound operation and development of various businesses of the Company have strongly supported the synergic development of urban and rural areas where our key enterprises are located. During the reporting period, the Company also directly invested more than RMB59 million in various poverty alleviation campaigns, serving and rewarding the society and laying a solid foundation for social development.

Continuously optimising and adjusting industrial layout and structure and promoting green and low-carbon development. Focusing on key regions with abundant resources, such as Xinjiang, Inner Mongolia, Shaanxi and Shanxi, the Company constantly increased advanced production capacity and actively implemented demonstration bases for the coal-power integration and integration of coal power and renewable energy to explore the construction of new energy structure. As a key coal mine for energy supply assurance, Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal has overall attained successful trial operation, and was approved for the increase in output by 5 million tonnes to 20 million tonnes. The production capacity of two open pit coal mines in Pingshuo Group East Open Pit Coal Mine and Anjialing Coal Mine was increased by 5 million tonnes per year upon on-site review, respectively. Besides, the production capacity of Xinjiang 106 Coal Mine was approved to increase by 600,000 tonnes. By actively promoting the construction of key projects, we made steady progress in the construction of Libi Coal Mine with an annual output of 4 million tonnes of anthracite and Antaibao 2×350MW low calorific value coal power generation project, completed all external approval procedures for Shaanxi Yulin's coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin, and included Wushenqi Tuke 2×660MW pithead coal power project into the planning of new coal power projects in the west of Inner Mongolia. By accelerating green transformation, we basically completed the 263MW photovoltaic project of the first phase of the new energy demonstration base of Shanghai Energy Company and realized grid connection, started the construction of the 100MW agricultural-photovoltaic complementary project of Pingshuo Group, and included the 160MW photovoltaic power generation project into the list of guaranteed grid-connected new energy projects in Shanxi Province. Based on the actual condition of the Company, we summarized and actively practiced the green development concept of "carbon production without carbon emission" and "coal-free coal chemical industry". The 100,000-ton "Liquid Sunshine" project, an innovative low-carbon energy integration model, was selected in the first list of "Enlisting and Leading" of "Double-Carbon" key technological innovation demonstration projects in Inner Mongolia Autonomous Region in 2022.

Deepening reform and innovation and continuously enhancing vitality and momentum of high-quality development. With the successful completion of the Three-year Action Plan on State-owned Enterprise Reform, we accomplished all tasks, continuously improved the institutional system and steadily enhanced the modern corporate governance capability. By implementing special arrangements for improving the quality of listed company controlled by state-owned enterprises, we continued to strengthen corporate governance and information disclosure, and won the Best Capital Market Communication Award in the Sixth China IR Excellence Awards. We maintained an A grade in the annual information disclosure evaluation of the Shanghai Stock Exchange for consecutive years. Centering on major regional development strategies of the country, we continued to promote regional and professional integration and optimize industrial and regional layouts. We actively explored and promoted market-based operation mechanisms such as special project awards, term-based awards as well as the "Enlisting and Listing" mechanism, adding to the vitality of reform and innovation. By stepping up efforts to make core technological breakthrough and increasing investment in technological research and development, we obtained 257 patents, and 2 types of coal mining products, namely the scraper conveyor equipment and hydraulic support, were selected as national champion products of manufacturing industry. By focusing on key national research and development plans, we filled the technological gap with the high-end wear-resistant steel plate new material preparation technology and the technical performance of the full set of individual forcible entry tools in emergency rescue and disaster relief was industry-leading. In advancing technological breakthroughs for major science and technology special projects, we set a new industry benchmark for efficient major disaster control by adopting a combined fracturing and anti-shock technology up and down the pit in coal mines in Inner Mongolia and Shaanxi. The construction of intelligent coal mines has achieved significant success, of which, 36 intelligent mining faces were established, 4 mines have passed the examination and acceptance for intelligent demonstration coal mines and 9 mines have met level 1 of national safe production standardized management system, showcasing our further improvement in safety assurance capacity.

The 20th Party Congress highlighted high-quality development as the top task of building a modern socialist country in all respects. In 2023, China Coal Energy will thoroughly implement the spirit of the 20th Party Congress and carry out the new development concept completely, precisely and comprehensively. We will focus on high-quality development and further promote the development concept of "efficiency enhancement and incremental transformation" to accelerate the construction of a world-class energy enterprise in the following aspects. **First,** centering on the "14th Five-Year Plan", we will accelerate the construction of demonstration bases for "combination of coal and coal power, combination of coal power and renewable energy", continue to optimise the industrial layout and structure, continuously improve the energy supply and security guarantee capacity and accelerate the green and low-carbon transformation. **Second,** we will thoroughly implement a new round of tasks on the reform of state-owned enterprises, firmly promote the special project to improve the quality of listed company controlled by state-owned enterprises, and bring out greater vitality and organic momentum for high-quality development with a more sound and efficient market-oriented and law-oriented operation mechanism and good corporate governance. **Third,** we will continue to strengthen innovation, constantly optimise technology innovation structure and mechanism, actively integrate into the national technology innovation structure, quicken the steps to make breakthroughs of key and core technologies, and keep on promoting the construction of digital China Coal. **Fourth,** by adhering to the system concept and bottom-line thinking, we will continue to strengthen safe production, ecological protection, energy conservation and emission reduction while preventing and resolving various major risks. **Fifth,** we will insist on running in line with world-class standards, continuously improve lean and refined management and constantly improve quality and efficiency in order to successfully achieve the annual production and operation goals. **Sixth,** we will continue to improve the level of corporate governance and the quality of information disclosure, further enhance communication and exchange with investors, strengthen market value management and maintain a good image in the capital market.

In 2023, the management and staff of the Company will make persistent efforts and forge ahead while staying true to our original aspiration and bearing in mind our mission. We will actively participate in Chinese modernization of energy and reward all shareholders and investors with new endeavors in building a world-class energy enterprise and new achievements of pursuing high-quality development.

Wang Shudong
Chairman

Beijing, the PRC
23 March 2023

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 2022, the Group organised and fostered various tasks for production, operation, reform and development, strengthened the organisation of production and sales, took scientific control of cost, and deepened lean management, maintaining a high-quality development trend with progress in stability and promising advancement. The Group realised revenue of RMB220.577 billion for the year, profit before tax of RMB34.583 billion, profit attributable to the equity holders of the Company of RMB19.719 billion, and net cash inflow from production and sales activities of RMB40.049 billion.

During the reporting period, coal production enterprises actively released their advanced capacity, made every effort to maintain stable supply and price, achieving gross profit of RMB43.088 billion, representing a year-on-year increase of RMB9.909 billion. Coal chemical enterprises coordinated production and device maintenance to achieve safe, stable and efficient operation, achieving gross profit of RMB2.730 billion in production and operation, representing a year-on-year increase of RMB482 million. Equipment enterprises intensively promoted high-end intelligent transformation and upgrade, optimised the product and business structure and captured quality orders, achieving revenue of RMB10.609 billion and profit before tax of RMB669 million, thereby maintaining a continuous growth trend. Finance Company promoted financial innovation continuously and strengthened the lean management of funds, achieving profit before tax of RMB1.268 billion, representing a year-on-year increase of RMB168 million. With significant improvement in operating efficiency of associates and joint ventures, the Group recognised share of profits of associates and joint ventures in proportion to shareholding of RMB5.010 billion, representing a year-on-year increase of RMB1.730 billion. In addition, the Group further solidified asset quality. For inaccessible mining rights in the short term, increased investment costs due to longer construction cycles, and coal mines with reduced recoverable reserves due to changes in underground geological conditions and enterprises with operating loss impacted by the market conditions, the Group organised asset impairment test in accordance with accounting standards and made provision for accrued impairment on assets of RMB8.801 billion accordingly based on the test results.

Unit: RMB100 million

	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**2,205.77**	2,398.28	-192.51	-8.0
Cost of sales	**1,709.79**	2,014.20	-304.41	-15.1
Gross profit	**495.98**	384.08	111.90	29.1
Selling, general and administrative expenses	**75.63**	64.75	10.88	16.8
Other income, other gains and losses, net	**-85.16**	-33.65	-51.51	153.1
Profit from operations	**333.01**	285.47	47.54	16.7
Finance income	**1.35**	1.15	0.20	17.4
Finance costs	**38.63**	40.72	-2.09	-5.1

Management Discussion and Analysis of Financial Conditions and Operating Results

	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Profit attributable to associates and joint ventures	**50.10**	32.80	17.30	52.7
Profit before income tax	**345.83**	278.69	67.14	24.1
EBITDA	**438.92**	393.63	45.29	11.5
Profit attributable to the equity holders of the Company	**197.19**	151.72	45.47	30.0
Net cash generated from operating activities	**436.34**	480.97	-44.63	-9.3
In which: Net cash flow generated from production and sales activities	**400.49**	373.11	27.38	7.3
Increase in cash inflow due to deposits absorbed from members other than China Coal Energy by Finance Company	**35.85**	107.86	-72.01	-66.8
Net cash generated from investing activities	**-220.46**	-253.82	33.36	-13.1
Net cash generated from financing activities	**-226.87**	-66.87	-160.00	239.3

Unit: RMB100 million

	As at 31 December 2022	As at 31 December 2021 (restated)	**Compared with the end of last year** Increase/ decrease in amount	Increase/ decrease (%)
Assets	**3,396.16**	3,222.01	174.15	5.4
Liabilities	**1,748.37**	1,793.68	-45.31	-2.5
Interest-bearing debts	**860.46**	973.32	-112.86	-11.6
Equity	**1,647.79**	1,428.33	219.46	15.4
Equity attributable to the equity holders of the Company	**1,305.14**	1,141.09	164.05	14.4
Gearing ratio (%) = total interest-bearing debts/(total interest-bearing debts + equity)	**34.3**	40.5	A decrease of 6.2 percentage points	

Notes: 1. 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.

2. According to the "Amendment to International Accounting Standard No. 16 – Property, Plant and Equipment" issued by the International Accounting Standards Board in May 2020, since 1 January 2022, the income from the sale of trial production products before the property, plant and equipment are ready for their intended use is no longer used to offset the construction cost of the assets, and such income and related costs are included in the profit or loss for the current period. The Group has retrospectively adjusted the data for last year and the end of the last year.

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 2022, the Group's revenue decreased by RMB19.251 billion or 8.0% from RMB239.828 billion for the year ended 31 December 2021 to RMB220.577 billion. Revenue before netting of inter-segmental sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue before netting of inter-segmental sales			
			Year-on-year	
	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,909.18**	2,110.94	-201.76	-9.6
Self-produced commercial coal	**861.48**	720.90	140.58	19.5
Proprietary coal trading	**1,041.16**	1,384.28	-343.12	-24.8
Coal chemical operations	**227.01**	218.51	8.50	3.9
Coal mining equipment operations	**106.09**	103.73	2.36	2.3
Financial operations	**23.86**	16.91	6.95	41.1
Other operations	**75.83**	84.03	-8.20	-9.8
Net of inter-segmental sales	**-136.20**	-135.84	-0.36	–
The Group	**2,205.77**	2,398.28	-192.51	-8.0

Management Discussion and Analysis of Financial Conditions and Operating Results

Revenue net of inter-segmental sales generated from each operating segment of the Group for the year ended 31 December 2022 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		Year-on-year	
	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,808.38**	2,009.29	-200.91	-10.0
Self-produced commercial coal	**793.31**	674.73	118.58	17.6
Proprietary coal trading	**1,009.04**	1,329.33	-320.29	-24.1
Coal chemical operations	**218.64**	214.86	3.78	1.8
Coal mining equipment operations	**94.15**	88.77	5.38	6.1
Financial operations	**18.94**	13.07	5.87	44.9
Other operations	**65.66**	72.29	-6.63	-9.2
The Group	**2,205.77**	2,398.28	-192.51	-8.0

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 2022 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 2022	For the year ended 31 December 2021 (restated)	**Increase/ decrease (percentage point(s))**
Coal operations	**82.0**	83.8	-1.8
Self-produced commercial coal	**36.0**	28.1	7.9
Proprietary coal trading	**45.7**	55.4	-9.7
Coal chemical operations	**9.9**	9.0	0.9
Coal mining equipment operations	**4.3**	3.7	0.6
Financial operations	**0.9**	0.5	0.4
Other operations	**2.9**	3.0	-0.1

2. *Cost of sales*

For the year ended 31 December 2022, the Group's cost of sales decreased by RMB30.441 billion or 15.1% from RMB201.420 billion for the year ended 31 December 2021 to RMB170.979 billion. Cost of sales generated from each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,478.30**	1,779.15	-300.85	-16.9
Self-produced commercial coal	**441.92**	398.54	43.38	10.9
Proprietary coal trading	**1,032.33**	1,375.54	-343.21	-25.0
Coal chemical operations	**199.71**	196.03	3.68	1.9
Coal mining equipment operations	**87.24**	86.53	0.71	0.8
Financial operations	**9.92**	6.01	3.91	65.1
Other operations	**70.59**	79.77	-9.18	-11.5
Inter-segment elimination	**-135.97**	-133.29	-2.68	2.0
The Group	**1,709.79**	2,014.20	-304.41	-15.1

3. Gross profit and gross profit margin

For the year ended 31 December 2022, the Group's gross profit increased by RMB11.190 billion or 29.1% from RMB38.408 billion for the year ended 31 December 2021 to RMB49.598 billion; gross profit margin increased by 6.5 percentage points from 16.0% for the year ended 31 December 2021 to 22.5%. The gross profit and gross profit margin of each operating segment of the Group and the year-on-year changes are set out as follows:

Unit: RMB100 million

	Gross profit			**Gross profit margin (%)**		
	For the year ended 31 December 2022	For the year ended 31 December 2021 (restated)	Increase/ decrease (%)	**For the year ended 31 December 2022**	For the year ended 31 December 2021 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**430.88**	331.79	29.9	**22.6**	15.7	6.9
Self-produced commercial coal	**419.56**	322.36	30.2	**48.7**	44.7	4.0
Proprietary coal trading	**8.83**	8.74	1.0	**0.8**	0.6	0.2
Coal chemical operations	**27.30**	22.48	21.4	**12.0**	10.3	1.7
Coal mining equipment operations	**18.85**	17.20	9.6	**17.8**	16.6	1.2
Financial operations	**13.94**	10.90	27.9	**58.4**	64.5	-6.1
Other operations	**5.24**	4.26	23.0	**6.9**	5.1	1.8
The Group	**495.98**	384.08	29.1	**22.5**	16.0	6.5

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 2022, for coal operations of the Group, the revenue decreased by 9.6% from RMB211.094 billion for the year ended 31 December 2021 to RMB190.918 billion, and revenue net of inter-segmental sales decreased by 10.0% from RMB200.929 billion for the year ended 31 December 2021 to RMB180.838 billion.

For the year ended 31 December 2022, the revenue from sales of self-produced commercial coal of the Group increased by 19.5% from RMB72.090 billion for the year ended 31 December 2021 to RMB86.148 billion, which was mainly attributable to the year-on-year increase of RMB73/tonne in the selling price leading to an increase of RMB8.819 billion in the revenue of self-produced commercial coal and the year-on-year increase of 8.16 million tonnes in the sales volume leading to an increase in revenue of RMB5.239 billion. Revenue net of inter-segmental sales increased by 17.6% from RMB67.473 billion for the year ended 31 December 2021 to RMB79.331 billion.

For the year ended 31 December 2022, the revenue from the proprietary coal trading of the Group decreased by 24.8% from RMB138.428 billion for the year ended 31 December 2021 to RMB104.116 billion, which was mainly attributable to the year-on-year decrease of 53.80 million tonnes in the sales volume leading to a decrease of RMB40.914 billion in revenue from sales of proprietary coal trading and the year-on-year increase of RMB51/tonne in the selling price leading to an increase in revenue of RMB6.602 billion. Revenue net of inter-segmental sales decreased by 24.1% from RMB132.933 billion for the year ended 31 December 2021 to RMB100.904 billion.

For the year ended 31 December 2022, revenue from the coal agency business of the Group increased by RMB58 million from RMB39 million for the year ended 31 December 2021 to RMB97 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 2022 and the year-on-year changes are set out as follows:

			For the year ended 31 December 2022		For the year ended 31 December 2021 (restated)		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		**12,034**	**716**	11,218	643	816	73	7.3	11.4
	(I)	Thermal coal	**11,036**	**622**	10,182	570	854	52	8.4	9.1
		1. Domestic sale	**11,035**	**622**	10,182	570	853	52	8.4	9.1
		2. Export	**1**	**2,430**	☆	☆	1	–	–	–
	(II)	Coking coal	**998**	**1,750**	1,036	1,355	-38	395	-3.7	29.2
		Domestic sale	**998**	**1,750**	1,036	1,355	-38	395	-3.7	29.2
II. Proprietary coal trading	Total		**12,822**	**812**	18,202	761	-5,380	51	-29.6	6.7
	(I)	Domestic sale	**12,669**	**806**	17,989	762	-5,320	44	-29.6	5.8
	(II)	Self-operated export	**60**	**2,115**	44	1,252	16	863	36.4	68.9
	(III)	Import trading	**93**	**743**	169	496	-76	247	-45.0	49.8
III. Import and export and domestic agency★	Total		**1,439**	**7**	1,260	3	179	4	14.2	133.3
	(I)	Import agency	**60**	**8**	1	6	59	2	5,900.0	33.3
	(II)	Export agency	**46**	**61**	4	8	42	53	1,050.0	662.5
	(III)	Domestic agency	**1,333**	**5**	1,255	3	78	2	6.2	66.7

☆: No occurrence.

★: Selling price is agency service fee.

Note: Sales volume of commercial coal includes the inter-segmental self-consumption volume of the Group which amounted to 17.05 million tonnes for 2022 and 18.65 million tonnes (restated) for 2021.

Management Discussion and Analysis of Financial Conditions and Operating Results

(2) Cost of sales

For the year ended 31 December 2022, the Group's cost of sales of coal operations decreased by 16.9% from RMB177.915 billion for the year ended 31 December 2021 to RMB147.830 billion, which was mainly attributable to the increase in cost of self-produced commercial coal by RMB4.338 billion due to expansion in sales scale in self-produced commercial coal and a year-on-year decrease in the cost of procurement of proprietary coal trading of RMB34.218 billion with the year-on-year decrease in the sales volume of the purchased coal and the year-on-year increase in procurement cost which in aggregate led to. 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 2022	Percentage (%)	For the year ended 31 December 2021 (restated)	Percentage (%)	Year-on-year Increase/decrease in amount	Year-on-year Increase/decrease (%)
Materials costs (excluding proprietary coal trading procurement cost)	**78.54**	**5.3**	67.68	3.8	10.86	16.0
Proprietary coal trading procurement cost☆	**1,014.30**	**68.6**	1,356.48	76.2	-342.18	-25.2
Staff costs	**66.78**	**4.5**	49.51	2.8	17.27	34.9
Depreciation and amortisation	**63.18**	**4.3**	65.29	3.7	-2.11	-3.2
Repairs and maintenance	**15.51**	**1.0**	16.24	0.9	-0.73	-4.5
Transportation costs and port expenses	**97.72**	**6.6**	96.49	5.4	1.23	1.3
Sales taxes and surcharges	**67.40**	**4.6**	54.66	3.1	12.74	23.3
Outsourcing mining engineering fees	**40.01**	**2.7**	39.47	2.2	0.54	1.4
Other costs★	**34.86**	**2.4**	33.33	1.9	1.53	4.6
Total cost of sales for coal operations	**1,478.30**	**100.0**	1,779.15	100.0	-300.85	-16.9

☆: This cost does not include transportation costs and port expenses related to proprietary coal trading which amounted to RMB1.803 billion for 2022 and RMB1.906 billion for 2021 and are set out in the item of transportation costs and port expenses.

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

Management Discussion and Analysis of Financial Conditions and Operating Results

The composition of the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2022, and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the year ended 31 December 2022	Percentage (%)	For the year ended 31 December 2021 (restated)	Percentage (%)	Year-on-year Increase/ decrease in amount	Year-on-year Increase/ decrease (%)
Materials costs	**65.27**	**17.8**	60.33	17.0	4.94	8.2
Staff costs	**55.49**	**15.1**	44.13	12.4	11.36	25.7
Depreciation and amortisation	**52.50**	**14.3**	58.20	16.4	-5.70	-9.8
Repairs and maintenance	**12.89**	**3.5**	14.48	4.1	-1.59	-11.0
Transportation costs and port expenses	**66.22**	**18.0**	69.03	19.4	-2.81	-4.1
Sales taxes and surcharges	**56.01**	**15.3**	48.72	13.7	7.29	15.0
Outsourcing mining engineering fees	**33.33**	**9.1**	35.19	9.9	-1.86	-5.3
Other costs	**25.51**	**6.9**	25.19	7.1	0.32	1.3
Total unit cost of sales of self-produced commercial coal	**367.22**	**100.0**	355.27	100.0	11.95	3.4

For the year ended 31 December 2022, the Group's unit cost of sales of self-produced commercial coal amounted to RMB367.22/tonne, representing a year-on-year increase of RMB11.95/tonne or 3.4%, which was mainly attributable to the year-on-year increase of unit material costs due to the increase in the procurement price of electricity, diesel and detonator materials; and the facts that with reasonable adjustment of salary level and cash bonus according to the operating performance, and the gradual reduction of outsourcing labour by strengthening the establishment of coal production teams in each mining area according to the policy requirements, unit staff costs recorded a year-on-year increase; with the year-on-year decrease in depreciation and amortisation due to provision for impairment in certain coal business asset and the dilution effect of the increase in production volume of self-produced commercial coal, unit depreciation and amortisation recorded a year-on-year decrease; with the dilution effect of the increase in production volume of self-produced commercial coal, leading to a year-on-year decrease in unit repair and maintenance costs and outsourcing mining engineering fees; the proportion of the sales volume of self-produced commercial coal that the Group bears railway transportation costs and port expenses to the total sales volume of self-produced commercial coal of the Group decreased, leading to a year-on-year decrease in unit transportation costs and port expenses; and with the year-on-year increase in the selling price of self-produced commercial coal and the year-on-year increase in gross profit margin, unit sales tax and surcharges increased year-on-year.

(3) Gross profit and gross profit margin

For the year ended 31 December 2022, sales scale of the self-produced commercial coal of the Group expanded and the selling price increased. Gross profit from coal operations segment increased by 29.9% from RMB33.179 billion for the year ended 31 December 2021 to RMB43.088 billion, while gross profit margin increased by 6.9 percentage points from 15.7% for the year ended 31 December 2021 to 22.6%. In particular, the gross profit of self-produced commercial coal recorded a year-on-year increase of RMB9.720 billion, and the gross profit margin recorded a year-on-year increase of 4.0 percentage points.

2. Coal Chemical Operations Segment

(1) Revenue

For the year ended 31 December 2022, the revenue from coal chemical operations of the Group increased by 3.9% from RMB21.851 billion for the year ended 31 December 2021 to RMB22.701 billion; revenue net of inter-segmental sales increased by 1.8% from RMB21.486 billion for the year ended 31 December 2021 to RMB21.864 billion, which was mainly attributable to the combined effect of the increase in selling price of urea and ammonium nitrate products, and the commencement of production of by-products under the Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas in the second half of 2021.

The sales volume and selling prices of the major coal chemical products of the Group for the year ended 31 December 2022 and the year-on-year changes are set out as follows:

		For the year ended 31 December 2022		For the year ended 31 December 2021 (restated)		**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	**146.9**	**7,401**	146.2	7,521	0.7	-120	0.5	-1.6
	1. Polyethylene	**74.0**	**7,479**	73.4	7,455	0.6	24	0.8	0.3
	2. Polypropylene	**72.9**	**7,323**	72.8	7,587	0.1	-264	0.1	-3.5
II.	Urea	**179.2**	**2,612**	221.3	2,228	-42.1	384	-19.0	17.2
III.	Methanol	**185.5**	**1,931**	153.3	1,845	32.2	86	21.0	4.7
	Of which:								
	Inter-segment self-consumption volume	**155.2**	**1,936**	110.1	1,817	45.1	119	41.0	6.5
	External sales	**30.3**	**1,905**	43.2	1,915	-12.9	-10	-29.9	-0.5
IV.	Ammonium nitrate	**46.9**	**2,632**	42.8	1,918	4.1	714	9.6	37.2

Besides, leveraging on channel advantage, the Group commenced the business of procurement of chemical products from third parties and sales to its customers, which for the year ended 31 December 2022, amounted to 65,400 tonnes, realising sales revenue of RMB521 million.

(2) Cost of sales

For the year ended 31 December 2022, cost of sales for the coal chemical operations of the Group increased by 1.9% from RMB19.603 billion for the year ended 31 December 2021 to RMB19.971 billion, which was mainly attributable to the combined effect of the increase in purchase price of raw material coal and fuel coal and increase in repair and maintenance expenses of chemical device. 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 2022**	**Percentage (%)**	For the year ended 31 December 2021 (restated)	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs (excluding cost of chemical materials in proprietary trading)	**122.93**	**61.5**	119.81	61.1	3.12	2.6
Cost of chemical materials in proprietary trading	**5.15**	**2.6**	8.76	4.5	-3.61	-41.2
Staff costs	**11.69**	**5.9**	11.07	5.6	0.62	5.6
Depreciation and amortisation	**28.34**	**14.2**	27.80	14.2	0.54	1.9
Repairs and maintenance	**9.95**	**5.0**	7.73	3.9	2.22	28.7
Transportation costs and port expenses	**8.96**	**4.5**	9.13	4.7	-0.17	-1.9
Sales taxes and surcharges	**3.05**	**1.5**	3.07	1.6	-0.02	-0.7
Other costs	**9.64**	**4.8**	8.66	4.4	0.98	11.3
Total cost of sales for coal chemical operations	**199.71**	**100.0**	196.03	100.0	3.68	1.9

The unit cost of sales of the major self-produced coal chemical products of the Group for the year ended 31 December 2022 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	**For the year ended 31 December 2022**	For the year ended 31 December 2021 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
I. Polyolefin	**7,083**	6,927	156	2.3
1. Polyethylene	**7,102**	6,913	189	2.7
2. Polypropylene	**7,063**	6,942	121	1.7
II. Urea	**1,869**	1,688	181	10.7
III. Methanol	**2,040**	1,927	113	5.9
IV. Ammonium nitrate	**1,076**	1,383	-307	-22.2

(3) Gross profit and gross profit margin

For the year ended 31 December 2022, the gross profit of the Group's coal chemical operations increased by 21.4% from RMB2.248 billion for the year ended 31 December 2021 to RMB2.730 billion, while gross profit margin increased by 1.7 percentage points from 10.3% for the year ended 31 December 2021 to 12.0%, which was mainly affected by a year-on-year increase in the product price of urea and ammonium nitrate.

3. Coal Mining Equipment Operations Segment

(1) Revenue

For the year ended 31 December 2022, the Group's revenue from coal mining equipment operations increased by 2.3% from RMB10.373 billion for the year ended 31 December 2021 to RMB10.609 billion, revenue net of inter-segmental sales increased by 6.1% from RMB8.877 billion for the year ended 31 December 2021 to RMB9.415 billion, which was mainly attributable to the further optimisation of product structure and the increase in demand for relevant products driven by the coal mine intelligent upgrade and modification.

(2) Cost of sales

For the year ended 31 December 2022, the Group's cost of sales for the coal mining equipment operations increased by 0.8% from RMB8.653 billion for the year ended 31 December 2021 to RMB8.724 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 2022**	**Percentage (%)**	For the year ended 31 December 2021	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**62.84**	**72.0**	61.63	71.2	1.21	2.0
Staff costs	**8.87**	**10.2**	8.04	9.3	0.83	10.3
Depreciation and amortisation	**3.80**	**4.4**	3.83	4.4	-0.03	-0.8
Repairs and maintenance	**0.90**	**1.0**	0.90	1.1	0.00	0.0
Transportation costs	**1.27**	**1.5**	1.51	1.7	-0.24	-15.9
Sales taxes and surcharges	**0.38**	**0.4**	0.38	0.4	0.00	0.0
Other costs	**9.18**	**10.5**	10.24	11.9	-1.06	-10.4
Total cost of sales for coal mining equipment operations	**87.24**	**100.0**	86.53	100.0	0.71	0.8

(3) Gross profit and gross profit margin

For the year ended 31 December 2022, the gross profit of the Group's coal mining equipment operations segment increased by 9.6% from RMB1.720 billion for the year ended 31 December 2021 to RMB1.885 billion; and the gross profit margin increased by 1.2 percentage points from 16.6% for the year ended 31 December 2021 to 17.8%, which was mainly attributable to the further optimisation of the product structure resulting in a higher percentage of product with higher gross profit margin.

4. Financial Operations Segment

The financial operations segment of the Group is mainly engaged by Finance Company, which deepened the concept of lean management and strengthened financial technology innovation; fully optimised and upgraded the treasury system was to secure safe, stable and efficient capital flow; we focused on financial needs of member enterprises and constantly enriched financial products and services; enhanced the refined operation of interbank deposits, while adjusted the deposit allocation strategy in a timely and optimal manner, thereby realising value appreciation and effectiveness. For the year ended 31 December 2022, revenue of financial operations of the Group increased by 41.1% from RMB1.691 billion for the year ended 31 December 2021 to RMB2.386 billion; revenue net of inter-segmental sales increased by 44.9% from RMB1.307 billion for the year ended 31 December 2021 to RMB1.894 billion; cost of sales increased by 65.1% from RMB601 million for the year ended 31 December 2021 to RMB992 million; gross profit increased by 27.9% from RMB1.090 billion for the year ended 31 December 2021 to RMB1.394 billion; gross profit margin decreased by 6.1 percentage points from 64.5% for the year ended 31 December 2021 to 58.4%.

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. For the year ended 31 December 2022, the revenue from other operations segment decreased by 9.8% from RMB8.403 billion for the year ended 31 December 2021 to RMB7.583 billion; revenue net of inter-segmental sales decreased by 9.2% from RMB7.229 billion for the year ended 31 December 2021 to RMB6.566 billion; cost of sales decreased by 11.5% from RMB7.977 billion for the year ended 31 December 2021 to RMB7.059 billion; gross profit increased by 23.0% from RMB426 million for the year ended 31 December 2021 to RMB524 million; gross profit margin increased by 1.8 percentage points from 5.1% for the year ended 31 December 2021 to 6.9%.

(III) Selling, general and administrative expenses

For the year ended 31 December 2022, the Group's selling, general and administrative expenses increased by 16.8% from RMB6.475 billion for the year ended 31 December 2021 to RMB7.563 billion, which was mainly attributable to the year-on-year increase in staff remuneration and increase in research and development expenses along with the increased investment in technology innovation.

Management Discussion and Analysis of Financial Conditions and Operating Results

(IV) Finance income and finance costs

For the year ended 31 December 2022, the Group's net finance costs decreased by 5.8% from RMB3.957 billion for the year ended 31 December 2021 to RMB3.728 billion, which was mainly attributable to decrease of the Group's interest-bearing liabilities scale, as well as the Company's continual optimisation of debt structure, which has further lowered the consolidated cost of funds.

(V) Share of profits of associates and joint ventures

For the year ended 31 December 2022, the Group's share of profits of associates and joint ventures increased by 52.7% from RMB3.280 billion for the year ended 31 December 2021 to RMB5.010 billion, which was mainly attributable 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 proportion to its shareholding.

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

For the year ended 31 December 2022, the Group's other income, other gains and losses, net were represented in a net loss of RMB8.516 billion, compared to the net loss of RMB3.365 billion for the year ended 31 December 2021, which was mainly contributed by the effect of the year-on-year increase of RMB4.838 billion for provision of the impairment of assets and the confirmation of the payment of gain in respect of certain projects for mining during the period in which procedures were not completed. Among which: the Shalajida Coal Mine of Yinhe Hongtai Company was not able to mine in short term due to the overlapping with water source protection zone, hence an impairment of assets of RMB6.285 billion was made based on impairment test results. Please refer to the relevant announcements dated 23 March 2023 published by the Company on the Shanghai Stock Exchange and the Stock Exchange for details; electric plant and aluminium belt plant of the Shanghai Energy Company made impairment provision of RMB753 million based on impairment test results. Please refer to the relevant announcement dated 23 March 2023 published by Shanghai Energy Company on the Shanghai Stock Exchange for details; China Coal Yuanxing Company incurred operation loss, hence an impairment provision of RMB725 million was made based on impairment test results; given the reduction in recoverable reserves due to changes in underground geological condition for Dongpo Coal Mine and Tangshangou Coal Mine, an impairment provision of RMB413 million and RMB417 million was made, respectively, based on the impairment test results.

Management Discussion and Analysis of Financial Conditions and Operating Results

III. CASH FLOW

As at 31 December 2022, the balance of the Group's cash and cash equivalents amounted to RMB29.998 billion, representing a net decrease of RMB1.097 billion as compared to RMB31.095 billion as at 31 December 2021.

Net cash inflow generated from operating activities decreased by RMB4.463 billion from RMB48.097 billion for the year ended 31 December 2021 to RMB43.634 billion, among which, net cash inflow generated from production and sales activities amounted to RMB40.049 billion, representing a year-on-year increase of RMB2.738 billion, which was mainly due to the growth in the Group's operating results and the continued enhancement of lean capital management to reduce operating capital usage.

Net cash outflow used in investing activities decreased by RMB3.336 billion from RMB25.382 billion for the year ended 31 December 2021 to RMB22.046 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB3.818 billion in cash outflow arising from the change in term deposits with an initial deposit period of more than three months, the year-on-year decrease of RMB676 million in cash utilised as capital expenditure, the year-on-year increase of RMB499 million in cash inflow received in cash dividends from controlled entities, and the year-on-year increase of RMB1.593 billion in cash outflow generated from the provision of self-operated loans provided to members other than China Coal Energy by Finance Company.

Net cash outflow generated from financing activities increased by RMB16.000 billion from RMB6.687 billion for the year ended 31 December 2021 to RMB22.687 billion, which was mainly attributable to the combined effect of the year-on-year decrease of RMB15.848 billion in net debt financing arranged by the Group based on the general availability of funds, the year-on-year increase of RMB1.428 billion for dividends paid to external parties, and the year-on-year decrease of RMB1.277 billion in consideration paid for the merger of enterprises under common control in this year.

IV. SOURCES OF CAPITAL

For the year ended 31 December 2022, 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 2022, the net value of property, plant and equipment of the Group amounted to RMB126.446 billion, representing a net decrease of RMB2.763 billion or 2.1% as compared to RMB129.209 billion as at 31 December 2021, among which, the net value of buildings was RMB33.890 billion, accounting for 26.8%; that of mining structure was RMB31.106 billion, accounting for 24.6%; that of plant, machinery and equipment was RMB44.220 billion, accounting for 35.0%; that of construction in progress was RMB11.045 billion, accounting for 8.7%; and that of railways, transportation vehicles and other was RMB6.185 billion, accounting for 4.9%.

(II) Mining rights

As at 31 December 2022, the net value of the Group's mining rights amounted to RMB39.485 billion, representing a net decrease of RMB3.585 billion or 8.3% as compared to RMB43.070 billion as at 31 December 2021, which was mainly attributable to the combined effect of the provision for impairment, amortisation of mining rights and the recognization of the proceeds from transfer of mining rights in accordance with China's relevant policy by coal production enterprises of the Group, as well as changes in scope of consolidation of acquired subsidiaries in this year.

(III) Investments in associates and joint ventures

As at 31 December 2022, the net value of the Group's investment in associates and joint ventures amounted to RMB29.748 billion, representing a net increase of RMB3.061 billion or 11.5% as compared to RMB26.687 billion as at 31 December 2021, 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) Equity instruments at fair value through other comprehensive income

As at 31 December 2022, the net value of the Group's equity instruments at fair value through other comprehensive income amounted to RMB3.411 billion, representing an increase of 993 million or 41.1% as compared to RMB2.418 billion as at 31 December 2021, which was mainly attributable to the increase in fair value of investment in some non-trading equity instruments.

(V) Accruals, advances and other payables

As at 31 December 2022, the balance of accruals, advances and other payables amounted to RMB37.286 billion, representing a net increase of RMB7.603 billion or 25.6% as compared to RMB29.683 billion as at 31 December 2021, 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 in unpaid dividends declared by some non-wholly-owned enterprises and the increased withdrawal of performance-based salary at the end of the year in light of the economic benefits.

(VI) Borrowings

As at 31 December 2022, the balance of borrowings of the Group amounted to RMB71.507 billion, representing a net decrease of RMB1.588 billion or 2.2% as compared to RMB73.095 billion as at 31 December 2021, among which: the balance of long-term borrowings (including long-term borrowings due within one year) was RMB71.226 billion, representing a net decrease of RMB1.215 billion as compared to RMB72.441 billion as at 31 December 2021; and the balance of short-term borrowings amounted to RMB281 million, representing a net decrease of RMB373 million as compared to RMB654 million as at 31 December 2021.

(VII) Long-term bonds

As at 31 December 2022, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB14.539 billion, representing a net decrease of RMB9.698 billion or 40.0% as compared to RMB24.237 billion as at 31 December 2021, which was mainly attributable to the repayment of the matured RMB10 billion medium-term notes with its own funds.

(VIII) Provision for close down, restoration and environmental costs

As at 31 December 2022, the provision for close down, restoration and environmental costs of the Group (including the provision for close down, restoration and environmental costs due within one year) amounted to RMB5.180 billion, representing a net increase of RMB1.529 billion or 41.9% as compared to RMB3.651 billion as at 31 December 2021, which was mainly attributable to the increase in provision for the mine geological environment governance and restoration fund of Dahaize Coal Mine in accordance with the relevant national policy.

Management Discussion and Analysis of Financial Conditions and Operating Results

VI. EQUITY

As at 31 December 2022, the equity of the Group was RMB164.779 billion, representing an increase of RMB21.946 billion or 15.4% from RMB142.833 billion as at 31 December 2021, among which, the equity attributable to the equity holders of the Company was RMB130.514 billion, representing an increase of RMB16.405 billion or 14.4% from RMB114.109 billion as at 31 December 2021. The items under the equity subject to significant change are analysed as below:

(I) Reserve

As at 31 December 2022, the reserve of the Group was RMB52.551 billion, representing an increase of RMB3.299 billion or 6.7% from RMB49.252 billion as at 31 December 2021, which was mainly attributable to the combined effect of the aggregate increase of RMB2.392 billion for special fund balance, surplus fund and reserve for general risk, the increase of RMB714 million for the balance of other comprehensive income due to increase in fair value of investment in non-trading equity instruments held and etc., as well as the increase of RMB340 million for the change in reserve of associates and joint ventures.

(II) Retained earnings

As at 31 December 2022, the retained earnings of the Group was RMB64.704 billion, representing an increase of RMB13.105 billion or 25.4% from RMB51.599 billion as at 31 December 2021, which was mainly because of the combined effect of the Group's realizing of profit attributable to shareholders of the Company of RMB19.719 billion, and the decrease in distribution of dividends for 2021 by RMB4.001 billion during the reporting period, and the aggregate decrease of RMB2.392 billion for provision of unutilised special fund, provision of surplus reserve and reserve for general risk, and the decrease of RMB230 million for the adjusted provision of unutilised special fund for associates and joint ventures.

VII. OVERSEAS ASSETS

At the end of the reporting period, total assets of the Group amounted to RMB339.616 billion, representing an increase of RMB17.415 billion or 5.4% as compared to the beginning of the year, among which, overseas assets amounted to RMB461 million, accounting for 0.14% of total assets. During the reporting period, there was no material change in the Group's overseas assets.

VIII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have significant charge of assets during the reporting period. As at 31 December 2022, the book value of the Group's charge assets amounted to RMB1.551 billion, of which the book value of pledged assets was RMB380 million and the book value of mortgaged assets was RMB1.171 billion.

IX. SIGNIFICANT INVESTMENT

The Group had no significant investment during the reporting period.

X. MATERIAL ACQUISITIONS AND DISPOSALS

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

XI. 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 2022, details of the corporate bonds not yet due issued by the Group are as follows.

Disclosure Items	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.
2. Type of issue	Public issue	Public issue	Public issue
3. Book value	RMB100	RMB100	RMB100
4. Issue scale	RMB0.4 billion	RMB0.8 billion	RMB3.0 billion
5. Total proceeds raised after deducting the issuance expenses	RMB399 million	RMB798 million	RMB2.997 billion
6. Bonds balance	RMB0.4 billion	RMB0.8 billion	RMB3.0 billion
7. Coupon rate	5.0%	4.89%	3.60%
8. Issue object	Qualified investor	Qualified investor	Professional investor
9. Use details:			
(1) Details and descriptions of the proceeds of each issue for different purposes in the fiscal year	All the proceeds net of issuance fee were used to 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

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. The Company has made full payment on principal and interest and completed the delisting for "17 China Coal 01" on 20 July 2022, please refer the relevant announcements dated 13 July 2022 made by the Company on the Shanghai Stock Exchange and Stock Exchange for details.

2) The Company completed a public issuance of corporate bonds (tranche 1) (category 2) (abbreviated as "18 China Coal 02") on 9 May 2018 at an issuance scale of RMB400 million for a term of 7 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the fifth year and a saleback option by the investors. As of the end of the reporting period, the bonds have not yet reached the exercise period of issuers' option to adjust coupon rate and investors' option to saleback, accordingly, there was no exercise of the option during the reporting period.

3) The Company completed a public issuance of corporate bonds (tranche 3) (category 2) (abbreviated as "18 China Coal 06") on 6 July 2018 at an issuance scale of RMB800 million for a term of 7 years, with an exercisable option of coupon rate adjustment by the issuer at the end of the fifth year and a saleback option by the investors. As of the end of the reporting period, the bonds have not yet reached the exercise period of issuers' option to adjust coupon rate and investors' option to saleback, accordingly, there was no exercise of the option during the reporting period.

Management Discussion and Analysis of Financial Conditions and Operating Results

XII. OTHER BONDS AND DEBT FINANCING INSTRUMENTS

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

Note: During the reporting period, the Company completed the payment of principal and interest on the RMB10 billion medium-term notes "15 China Coal MTN001", please refer to the relevant announcements dated 10 June 2022 published by the Company on Shanghai Clearing House, the website of China Money (http://www.chinamoney.com.cn) and the Stock Exchange for details.

As of 31 December 2022, the Company has paid the principal and interest of its bonds and other debt financing instruments by the agreed time. No default or delayed payment of principal and interest has occurred.

XIII. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 31 December 2022, the Group provided guarantees of RMB2.806 billion in total, of which guarantees of RMB1.583 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	4,793.30	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	120,070.55	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	Punctual payment of principal and interests	–	No	No	–	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	33,400.00	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)	-623,781.65
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	158,263.85
guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	-87,608.50
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	122,300.00
total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	280,563.85
Percentage of total guarantee to net assets of the Company (%)	2.1
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

For details of the litigation involving Yihua Mining, Mengda Mining and Yinhe Hongtai Company, please refer to the relevant section of the Company's 2021 annual report. At present, the case is still in the process of litigation and does not have a material impact on the Company's production, operation and financial position. The Company will continue to strengthen communication and coordination to promote the resolution of historical issues left out.

For the year ended 31 December 2022, 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	–	4.70%	19.96	19.96	Actual Profit is recovered	Yes	No	–

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2022

(1) Coal Operations

1. Coal production

In 2022, adhering to the goal-oriented principle, the Group enhanced its organisation for production, optimized continuous mining, continuously increased its unit production and input level. It actively released advanced production capacity and facilitated the early production of new coal mines, thereby acting as the "ballast" and "stabiliser" of energy supply. During the year, the Group produced 119.17 million tonnes of commercial coal, representing an increase of 4.97 million tonnes or 4.4% compared with 114.20 million tonnes last year. In 2022, raw coal productivity was 31.5 tonnes per worker-shift, maintaining a leading level in the coal industry. It saw merit in intelligent coal construction, where 36 intelligent coal mining working faces and 9 intelligent integrated management and control platforms have been built, and 4 coal mines have been accepted as intelligent demonstration coal mines.

Table on Commercial Coal Production Volume

Unit: 10 thousand tonnes

Item	**Year ended 31 December 2022**	Year ended 31 December 2021 (Restated)	Change (%)
Production volume of commercial coal	**11,917**	11,420	4.4
By region:			
Shanxi	**8,064**	8,273	-2.5
Inner Mongolia and Shaanxi	**3,133**	2,437	28.6
Jiangsu	**533**	520	2.5
Xinjiang	**187**	190	-1.6
By coal type:			
Thermal coal	**10,919**	10,384	5.2
Coking coal	**998**	1,036	-3.7

2. Coal sales

In 2022, the Group conscientiously implemented the national strategy and deployment of securing energy supply, strictly implemented the long and medium term coal contract of "two comprehensive coverage" and coal price policy, and proactively implemented the requirements on increasing production and sales volume and stabilising supply and price. The cumulative sales volume of commercial coal was 262.95 million tonnes for the year, of which, the sales volume of self-produced commercial coal was 120.34 million tonnes, representing a year-on-year increase of 7.3%, hence making great contribution to secure energy supply of the country and maintain economic and social stability. The Company actively established a large-scale "coal-electricity-chemical" marketing management system with the characteristics of China Coal to integrate the chain advantages with scale advantages, consolidated and expanded long-term strategic cooperation with quality power generation enterprises, while expanded the non-power industry and market to guarantee supply and procurement services in the market and actively stabilise its market share. As a result, the brand advantage, market discourse power and influence of China Coal were further increased.

Business Performance

Table on Coal Sales

Unit: 10 thousand tonnes

Item	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)	Change (%)
Sales volume of commercial coal	**26,295**	30,680	-14.3
By business type:			
Self-produced commercial coal	**12,034**	11,218	7.3
Proprietary coal trading	**12,822**	18,202	-29.6
Import and export and domestic agency	**1,439**	1,260	14.2
By sales region:			
North China	**8,773**	10,216	-14.1
East China	**8,546**	10,118	-15.5
South China	**3,394**	5,093	-33.4
Central China	**2,548**	2,408	5.8
Northwest China	**2,061**	1,762	17.0
Other regions	**973**	1,083	-10.2

3. *Coal reserve*

Unit: 100 million tonnes

Major mining areas	Major coal type	Resource reserve	Verified reserve
Shanxi	Thermal coal	84.76	31.05
	Coking coal	19.95	9.99
	Anthracite	7.89	3.49
Inner Mongolia	Thermal coal	88.35	53.27
Heilongjiang	Thermal coal	3.03	1.36
Jiangsu	Thermal coal	4.13	1.11
	Coking coal	2.60	1.07
Shaanxi	Thermal coal	51.35	35.15
Xinjiang	Thermal coal	6.54	3.52
Total	–	268.60	140.01

As of the end of 2022, the Company's coal resources with self-owned mining rights amounted to 26.860 billion tonnes and verified reserve amounted to 14.001 billion tonnes. Resources utilised during the year amounted to 181 million tonnes.

(2) Coal Chemical Operations

In 2022, the Group kept on strengthening the refined management of coal chemical operations, and vigorously promoted energy conservation, consumption reduction, cost reduction and efficiency improvement. With the stable and efficient operation of coal chemical equipment, the production volume of major coal chemical products was 5.667 million tonnes during the year, representing a year-on-year increase of 3.4%. The Group overcame unfavorable factors such as severe volatility in the energy and chemical market and tight transportation in certain periods by flexibly adjusting marketing strategies, optimising customer structure, improving sales channels, and strengthening logistics management. During the year, the sales volume of major coal chemical products was 5.585 million tonnes, basically flat as compared with last year. The Group strictly implemented the national policies of securing supply and stabilising price of chemical fertilizers, fully guaranteed the domestic market demand, participated in and won the bid for the chemical fertilizer commercial reserve project in Heilongjiang Province for the first time, contributing to food security of the country with practical actions. As the Group actively carried out the polyolefin customisation business, the business model of "sales-based production" was more mature and the differentiated profitability was greatly improved. The Group also actively expanded the polyolefin international business with a view to achieving "zero breakthrough" in the polyolefin import business. The Group continued to optimise and strengthen the long-term mechanism for safe production, such as the production process of ammonium nitrate and the control of hidden dangers of devices. During the year, Pingshuo Energy Chemical Company, a subsidiary of the Company, did not experience any unplanned suspension, achieving continuous, stable, safe, and efficient operation.

Table on Production and Sales Volume of Major Coal Chemical Products

Unit: 10 thousand tonnes

Item	Year ended 31 December 2022	Year ended 31 December 2021 (Restated)	Change (%)
Total coal chemical products			
Production volume	**566.7**	548.3	3.4
Sales volume	**558.5**	563.6	-0.9
Polyolefin			
Production volume	**148.0**	146.4	1.1
Sales volume	**146.9**	146.2	0.5
Urea			
Production volume	**183.4**	204.9	-10.5
Sales volume	**179.2**	221.3	-19.0
Methanol			
Production volume	**187.9**	154.5	21.6
Sales volume	**185.5**	153.3	21.0
Ammonium nitrate			
Production volume	**47.4**	42.5	11.5
Sales volume	**46.9**	42.8	9.6

Notes:

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

2. The urea sales volume of the Group includes the buyout of urea products of Lingshi Chinacoal Chemical Co., Ltd., a subsidiary of China Coal Group. The project of Lingshi Chinacoal Chemical Co., Ltd. was discontinued and modified in 2022, leading to a year-on-year decrease in sales volume of urea.

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

Business Performance

(3) Coal Mining Equipment Operations

In 2022, the Group optimised the supply assurance of materials and improved the efficiency of production technology preparation by focusing on reforms, strengthening functions, making up for shortcomings and securing operation, thus the output level was greatly enhanced. The aggregate production value of coal mining equipment amounted to RMB9.96 billion, representing a year-on-year increase of 5.3%. Focusing on the market, the Group paid close attention to the needs of users, continued to optimise the layout of industry and products, grasped the opportunity of intelligent construction of coal mines, and promoted the transformation and upgrading of "intelligence, informatisation and digitalization". As a result, accumulative value of new contracts increased by 25.7% year-on-year. The Company put more effort on product promotion, expanded market boundaries, and promoted the "three-isations" businesses such as electric automation, industrial software and information system integration being extended to markets including transportation and construction, while drilling products, loading and transportation vehicles, crane trucks and other products entered the non-coal field.

Table on Production Value and Revenue of Coal Mining Equipment

Unit: RMB100 million

	Production value			**Revenue**	
Product types	**Year ended 31 December 2022**	Year ended 31 December 2021	Change (%)	**Year ended 31 December 2022**	Percentage of revenue of the coal mining equipment segment (%)
Main conveyor products	**45.2**	41.2	9.7	**42.6**	40.2
Main support products	**32.5**	34.0	-4.4	**33.5**	31.6
Others	**21.9**	19.4	12.9	**30.0**	28.2
Total	**99.6**	94.6	5.3	**106.1**	100.0

(4) Financial Operations

In 2022, the Group continued to deepen financial technology innovation and lean capital management and facilitated the development of treasury system in full swing. It strengthened fund account management and budget implementation and monitoring to improve fund management efficiency and liquidity management. Also, by accurately analysing interest rate trend of the market, it made timely optimisation and adjustment on its allocation strategy of the interbank deposit category and term. Credit support was strengthened and resources allocation of credit funds and resources was further optimised to support the Group's industry structure adjustments. As at the end of 2022, scale of deposits absorbed amounted to RMB90.45 billion, representing a year-on-year increase of 27.8%; placement of interbank deposits amounted to RMB73.57 billion, representing a year-on-year increase of 20.6%; scale of self-operated loans amounted to RMB17.06 billion, representing a year-on-year increase of 55.1%; and scale of daily average self-operated loans for the year amounted to RMB14.04 billion, representing a year-on-year increase of 3.5%, all hitting the highest level in the history.

Table on Financial Operations

Unit: RMB100 million

Business types	**As at 31 December 2022/Year ended 31 December 2022**	As at 31 December 2021/Year ended 31 December 2021	Change (%)
Scale of deposits absorbed	**904.5**	707.6	27.8
Placement of interbank deposits	**735.7**	610.1	20.6
Scale of self-operated loans (daily average)	**140.4**	135.7	3.5

(5) Synergy among Business Segments

In 2022, focusing on leveraging the advantages of coal-electricity-chemical industry chain, the Group further pushed forward the regional integrated management and continuously optimised the regional industry structure, thereby realising the synergetic development among business segments and improving the overall competitiveness and risk resistance capacity. In 2022, the Group produced 11.01 million tonnes of coal for internal consumption, of which, the coal chemical projects in the regions of Inner Mongolia and Shaanxi purchased 8.42 million tonnes of self-produced coal of the Company, representing a year-on-year increase of 3.00 million tonnes. The coal mining equipment business segment achieved internal product sales and services revenue of RMB1.193 billion, representing 11.2% of the total revenue of the segment. For financial operations, newly issued internal loans amounted to RMB10.13 billion and the amount of internal loans as at the end of the year was RMB13.03 billion, offering financing convenience with rich varieties and quality service. Hence, financing costs have been lowered and a total of finance expenses amounting to RMB460 million have been saved.

Business Performance

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 would strive 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, and 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. Dahaize Coal Mine successfully put into trial operation as a whole. Projects such as Libi Coal Mine all progress steadily and orderly. It is the professional and sophisticated management mode, the capable and efficient production mode, the scale merit of cluster development, the high-quality and abundant coal resources and coordinated development of the industry chain that constitute the core competitive advantages of the Company in the coal industry.

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

The Company relies on its own advantages of the mining areas to promote the in-depth integration of coal, coalfired 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 coalfired 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".

Business Performance

The Company is one of the largest coal traders in the PRC with branches in major coal consumption regions, trans-shipment ports and major coal import regions of the PRC. It has industry-leading proportion of seaborne coal resources in the four northern ports of coal. Capitalising on its own marketing network of coal sales 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 solutions. 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 accelerates the integration of innovative resources, the construction of scientific research platform, and further promotes industry-university-research cooperation to ensure innovative development. The Company accelerates the construction of big data and digital management system. It also strives to carry out the construction of intelligent coal mines. New achievements were made in important technological projects, and the implementation of a batch of national technological projects achieved stage results. Through strengthening the research on key technologies, new technology "Key Technologies for Rock Burst Prevention and Control in the Areas of Inner Mongolia and Shaanxi" has set a new benchmark for efficient management of major disasters. The Company takes a step forward for digital transformation, and the integration of informatisation and industrialisation 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 continues to promote 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 centralised management and control over sales of coal and coal chemical products as well as centralised management of finance, investment and material procurement, and enhances management by objectives and comprehensive budget control, significantly lowers the costs and enhances its advantages on productivity and operating efficiency.

In recent years, the 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 taking solid steps towards high-quality development of the Company.

Business Performance

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

In terms of coal industry, China has fully capitalised the role of coal as the main energy source in recent years, focused on enhancing the guarantee on energy production, and effectively guaranteed the stable economic and social development and the increasingly growing energy demand from the public. According to data published by the National Bureau of Statistics, the raw coal production of coal enterprises above designated size nationwide in 2022 was 4.50 billion tonnes, representing a year-on-year increase of 0.37 billion tonnes or 9.0%. Of which, a total of six provinces had a raw coal output of over 100 million tonnes, with a total output of 3.88 billion tonnes, accounting for 86.3% of raw coal production of coal enterprises above designated size nationwide, an increase of 0.4 percentage points over 2021. A total of 15 provinces had an annual output of over 10 million tonnes, with a total output of 4.449 billion tonnes, accounting for 99.0% of raw coal production of coal enterprises above designated size nationwide, an increase of 0.1 percentage points over 2021, thus the concentration of the industry has been further increased.

In terms of coal chemical industry, China's urea industry is relatively scattered, and the market competition is relatively sufficient. As at the end of 2022, 20 enterprises were with installations of more than 1 million tonnes, 44 enterprises were with installations of more than 500,000 tonnes but less than 1 million tonnes, and the largest four enterprises accounted for about 13% of the industry's total production capacity only. The production capacity of polyolefin industry was intensively launched from 2020 to 2023, and the production capacity of new polyethylene and polypropylene reached 2.60 million tonnes and 3.53 million tonnes in 2022, respectively. The concentration of polyolefin industry has continued to decline, and the market competition has become increasingly intensive.

In terms of the coal mining equipment manufacturing industry, the market competition in the traditional three-machine and one roof support (三機一架) is intensive, and the profitability is relatively low. Leading enterprises have accelerated the pace of industrial integration and reorganisation, and the market competition landscape among large enterprise groups is more significant. It is estimated that, the overall market share of the top five enterprises including Tian Di Science & Technology (天地科技), Shanneng Heavy Equipment (山能重裝), China Coal Equipment (中煤裝備), Zhengzhou Coal Machinery (鄭煤機) and Jinneng Equipment (晉能裝備) shall be around 50%, and the market share of segmented markets such as high-end equipment and intelligent coal mining equipment shall be around 80% in 2022.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

In terms of coal industry, China's GDP growth rate is expected to increase by around 5% in 2023 in accordance with the the government work report, which will effectively promote the accelerated recovery of energy consumption. Meanwhile, coal will still be the solid foundation for China's energy supply, and increasing production and ensuring supply will still be the main theme of the policy side of the coal industry in 2023. According to the implementation of production capacity planning of main coal production areas and the coal enterprises' coal mine projects under construction, it is expected that China's coal production will still have certain growth opportunities in 2023. In general, it is expected that the domestic coal supply and demand will continue to be in a tight balance in 2023, but the possibility of certain periodical and regional tensions remains. The medium coal price will drop throughout the year, but it will still be at a relatively high level, and the whole industry will maintain a relatively high level of prosperity.

In terms of coal chemical industry, the domestic new urea production capacity is expected to be 2.74 million tonnes in 2023, with a production capacity growth rate of 2.77%. China's urea demand mainly comes from three parts, namely, agricultural demand, industrial demand and export demand. In 2023, it is expected that agricultural demand will increase steadily, industrial demand will improve marginally, and export demand will be basically stable. Under the background of increasing supply capacity and basically stable demand, it is expected that the supply and demand of the domestic urea market will be balanced in 2023, and the urea industry is expected to maintain a reasonable level of profitability. The domestic polyolefin industry is still in the capacity release period in 2023. It is estimated that the new polyethylene production capacity will reach 3.00 million tonnes and the polypropylene production capacity will reach 6.90 million tonnes. With the stabilisation and recovery of the domestic economy, the demand for polyolefins is expected to recover, the cost of raw materials is expected to decline, and the overall profitability of the polyolefin industry is expected to improve.

In terms of coal mining equipment manufacturing industry, in accordance with the national policies such as Guiding Opinions on Accelerating the Intelligent Development of Coal Mines and Guidelines for Intelligent Development of Coal Mines, coupled with the introduction of supporting policies in major coal producing regions, which has set a clear direction and basis for the construction of intelligent mines. It is expected that the domestic intelligent construction of coal mines will step into a period of rapid development in the next 5 years, and the demand for highly reliable intelligent and green coal mining machinery equipment by coal enterprises will further increase. Meanwhile, with the increasing demand for after-sales services from downstream customers, suppliers providing comprehensive equipment and providers offering a full life cycle will become the main direction for major coal mining machinery enterprises to compete in the market.

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2023

In 2023, the Company will adhere to the general principle of making progress amid stability, and completely implement the development direction of "efficiency enhancement and incremental transformation", strengthen lean management, deepen corporates reform, enhance technology innovation, optimise layout structure, as well as continuously promote high-quality development of the Company. The annual production and sales volumes of self-produced commercial coal, polyolefin products and urea are planned to achieve more than 125.00 million tonnes, more than 1.40 million tonnes and more than 1.90 million tonnes, respectively. Scientific control of cost will be also proactively adopted, and the Company will strive to achieve its satisfying operating results under the absence of major changes in the market. The Company will focus on the following tasks:

Firstly, strengthen production and sales organisation and improve energy supply capability. The Company will adhere to target-orientated approach, arrange production tasks in a scientifically and rationally manner, release advanced production capacity of self-owned coal mines, maintain the coal chemical equipment of work safety, stable production, long-period operation, fully-loaded operation and optimum operation, stabilise the scale of the purchased coal market, strive to increase production, sales and supply, and implement national energy supply requirements.

Secondly, strengthen the responsibility on implementation and improvement of safety management and control capabilities. The Company will adhere to the targets of people first, life first, and "zero death". With a more pragmatic attitude, more powerful measures, and more stringent means, we will stress the safety measures. The Company will accelerate the promotion of "one optimisation and three reduction" and intelligent construction, and effectively improve essential safety capabilities.

Thirdly, deepen lean management and enhance value creation capabilities. The Company will focus on the goal of building a world-class energy enterprise, and continue to carry out improvement on quality and efficiency and benchmark improvement actions, implement detailed and refined management, and continue to improve the capabilities of profitability and generating cash.

Fourthly, continue to deepen reforms and improve the capability of entrepreneurship. The Company will implement a new round of deepening state-owned enterprise reform and upgrading action requirements, further optimise and improve the system and mechanism, continue to release vitality and momentum, and improve management efficiency and effectiveness.

Fifthly, optimise the industrial layout and improve the capability of high-quality development. The Company will give full play to the advantages of essential resources, accelerate the construction of incremental projects, coordinate the implementation of existing projects, and promote the Company's high-quality transformation and development, strengthen the research and development of high-end manufacturing, coal-free coal chemical industry, and coal-based materials, and solidly promote the coordinated development of the industrial chain.

Sixthly, strengthen technological innovation and enhance the capability of independent innovation. The Company will continuously optimise the system and mechanism of technological innovation, build a "six-in-one" work system of management, research and development, platforms, talents, projects, and systems, and improve the efficiency of technological innovation; focus on national energy security and high-quality development of the industry, focus on key areas such as clean and efficient use of coal, the integration of new energy and coal chemical industry, as well as advance the allocation of innovative resources.

Seventhly, adhere to bottom-line thinking to improve risk prevention and control capabilities. The Company will coordinate development and safety, continue to strengthen safe production, ecological and environmental protection, energy conservation and emission reduction, and liquidity management, strongly hold the bottom line of no major risks, and create a favourable development environment.

Eighthly, strengthen compliance management and improve corporate governance capabilities. The Company will deeply promote the dedicated work of improving the quality of listed companies, continue to optimise and improve the content of information disclosure, continuously strengthen the compliance awareness of managers at all levels, further deepen daily communication with investors, and maintain a good image of the Company in the capital market.

Meanwhile, since various uncertainties still exist amidst the 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.

VI. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company diligently follows Xi Jinping's thoughts on ecological civilization, roots the idea of "lucid waters and lush mountains are invaluable assets", comprehensively executes of the decisions and deployment of the central government, the State Council and SASAC, closely focuses on the "two businesses" strategy and high-quality development requirements, adheres to goal-driven and problem-oriented, fulfils the political responsibility and main responsibility of Central Enterprises for ecological and environmental protection, and regards the establishment of a "resource-saving and environment-friendly" enterprise as a long-term development strategy, vigorously promotes the ecological environment governance, focuses on solving ecological and environmental problems, and promotes the enterprises with green, low-carbon and high-quality development.

Continuously developing green coal. The management and control of unorganized emissions in the links of coal mining, transportation, storage, and transhipment were strengthened. Ultra-low emissions under operation were achieved, and new coal-fired units were designed and constructed in accordance with ultra-low emissions. Air quality was being improved, source control of coal mine production was strengthened, separate packaging and transportation of coal and gangue were carried out, the amount of gangue produced was reduced, and the application of layer separation grouting of ground coal gangue and underground backfilling technology was vigorously promoted. Comprehensive management of gangue piles was carried out in an orderly manner, and the surrounding ecological environment was restored and improved. The harmless utilization of coal gangue land reclamation was enhanced, forming a systematic, professional and standardized working mode from coal gangue dumping to treatment, and a "coal mining-washing-chemical-power generation" cycle production chain was established, creating a China Coal's coal gangue diversified utilization technology system. In 2022, the Company's integrated energy consumption of raw coal production, comprehensive utilisation rate of mining water, and integrated utilisation rate of coal gangue continued to keep ahead in the industry.

Business Performance

Promoting the green development of coal chemical industry. The Company practiced the 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". The affiliated coal chemical enterprises continued to strengthen source control and process control, further promoted the prevention and control of environmental pollution, actively promoted the establishment of "green factories", continuously improved the level of ecological and environmental protection management, and gradually created a clean and efficient benchmark enterprise in the industry. All enterprises have achieved ultra-low emissions from their own coal-fired boilers, and all chemical enterprises in Inner Mongolia and Shaanxi have achieved the concentrated salt and water salt and "zero discharge" of wastewater. The prevention and control of volatile organic compounds "one factory, one policy" was carried out in an orderly manner, the treatment project was being effectively promoted, and LDAR testing and rehabilitation were strictly implemented in accordance with the requirements of the pollutant discharge permit. Standardized management was realized in solid waste. We continued to carry out environmental system qualification, 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. Two key chemical enterprises have been awarded as provincial "Green Factory".

Rapid developing green electricity. The Company continuously reduced the energy consumption of units, improved resource utilization, and further explored its carbon reduction potential. Guided by the "combination of coal and coal power, combination of coal power and renewable energy" development strategy, the Company thoroughly implemented the new development concept, conformed to the general trend of energy development, and constructed clean and green power. Combined with the construction of multi-energy complementary clean energy bases such as "wind, solar, coal (storage)", the Company conducted in-depth research and exploration of unit characteristics, detailed plans and measures, and actively carried out flexibility transformation of existing coal-fired power units. The intelligent construction of power plants was promoted in an orderly manner, the construction of an intelligent fuel management system was carried out, 5G+ intelligent control technology was implemented, and an integrated intelligent platform was established. The exploration and application of green and low-carbon modern coal power technology was strengthened, a scientific research and development platform was established, and the research and application of cutting-edge technologies such as battery-swapping heavy trucks, off-grid hydrogen production, compressed gas energy storage, and molten salt energy storage were promoted in an orderly manner.

Creating a green coal mining machinery industry. The Company actively implemented advanced and applicable technologies such as comprehensive utilization of resources, clean production, and green manufacturing after considering coal mining machinery equipment manufacturing enterprises. The Company focused on the construction of comprehensive service provider with an internationally competitive clean energy technology and equipment, which focused on the R&D and manufacturing of coal mining, transportation equipment and accessories of electrical and mechanical engineering equipment such as armoured-face conveyors, roadheaders, shearers, hydraulic roof supports, and introduced and absorbed the advanced technical process. The Company actively expanded the industries of environmental protection and comprehensive utilization of resources, and promoted the utilization of waste pressure and waste heat and reclaimed water. The Company implemented the VOCs comprehensive treatment technical transformation project to reduce VOCs emissions from "source reduction, process control, and end treatment". The Company firmly practiced the concepts of green, ecology, environmental protection and low carbon, comprehensively promoted energy conservation and emission reduction, and constructed a green and environment-friendly factory.

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, Rules for the Independent Directors of Listed Companies. The Group has formulated a series of rules and regulations such as the Articles of Associations, the Rules of Procedures of Shareholders' General Meetings and the Rules of Procedures of the Board of Directors to ensure compliance with applicable laws, regulations and normative legal documents, especially those that may have a significant impact on its principal business. If there are any changes in the applicable laws, regulations and normative legal documents related to the principal business, the Group will revise the relevant rules and regulations in a timely manner according to the 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 2022, the Company did not have any substantial disputes with its suppliers and/or clients.

Capital Expenditure

I. PERFORMANCE OF CAPITAL EXPENDITURE BUDGETED FOR 2022

(1) Capital Expenditure

In 2022, 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 2022 was RMB14.708 billion, of which RMB9.271 billion or 63.03% was invested in total during the reporting period.

Performance of Capital Expenditure Budgeted for 2022 (By Item)

RMB100 million

Item of capital expenditure	**Actual investment in 2022**	Budgeted investment in 2022	Investment percentage (%)
Total	**92.71**	147.08	63.03
Infrastructure projects	**67.22**	83.64	80.37
Procurement and maintenance of fixed assets	**22.26**	33.12	67.21
Equity investment	**0.73**	4.89	14.93
Other capital expenditures	**2.50**	25.44	9.83

Performance of Capital Expenditure Budgeted for 2022 (By Business Segment)

RMB100 million

Business segment	**Actual investment in 2022**	Budgeted investment in 2022	Investment percentage (%)
Total	**92.71**	147.08	63.03
Coal	**67.04**	101.98	65.74
Coal chemical	**3.26**	9.86	33.06
Power generation	**9.47**	14.78	64.07
Coal mining equipment	**1.45**	4.00	36.25
Other	**11.48**	16.46	69.74

(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 2022, the investment was RMB173 million, with the cumulative investment of RMB12.715 billion. The project overall is currently running successfully on trial operation.

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 2022, the investment was RMB727 million, with the cumulative investment of RMB3.150 billion.

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 2022, the investment was RMB848 million, with the cumulative investment of RMB1.567 billion.

II. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2023

The Company is firmly insisting on the master principles of seeking progress while prioritising stability, putting the development direction of "efficiency enhancement and incremental transformation" into practice. Driven by technological innovation and anchored on major projects, as well as in accordance with the requirements of high-quality development, the capital expenditure for 2023 is scientifically and reasonably arranged, with main investment in coal, coal chemical, power generation industries and new energy industries.

The Company's capital expenditure plan for 2023 is RMB18.020 billion, representing an increase of RMB3.312 billion or 18.38% as compared with that of 2022. Out of the capital expenditure budget stated above, RMB11.834 billion is planned to be invested in basic construction projects; RMB60 million will be invested in equity investment; and RMB6.126 billion will be invested in technological transformation and upgrade.

Capital expenditure budget by business segment is as follows:

RMB100 million

Business segment	**Budgeted investment in 2023**	Actual investment in 2022	Increase/ decrease in budgeted investment in 2023 compared with actual investment in 2022 (%)	Percentage of total (%)
Total	**180.20**	92.71	94.37	100.00
Coal	**104.56**	67.04	55.97	58.02
Coal chemical	**38.04**	3.26	1,066.87	21.11
Power generation	**18.83**	9.47	98.84	10.45
New energy	**14.00**	11.27	24.22	7.77
Coal mining equipment	**4.72**	1.45	225.52	2.62
Other	**0.05**	0.21	-76.19	0.03

The major equity investment projects in 2023 include integrating payment for local coal mines in Pingshuo East Open Pit Mine. In 2023, 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.

Capital Expenditure

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 executing the new energy safety strategy with "four reforms and one cooperation" as well as fully implementing the development directions of the "2035 world top" strategy and "efficiency enhancement and incremental transformation". The Company will build and optimise 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. As such, the Company will proactively become a world-class energy enterprise and a leading enterprise of the modern coal industry chain and 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 unleash 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 utilisation of coal.

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 an energy system solution provider.

Technological Innovations

In 2022, based on the new development stage, China Coal Energy focused on the development concept of "efficiency enhancement and incremental transformation", focused on ensuring energy security, promoting energy transformation, leading energy revolution and supporting the goal of "carbon emissions peak and carbon neutrality", deployed innovation chains among the industrial chain, gathered forces to continuously carry out original leading major scientific and technological breakthroughs, promoted the field of creation of original energy technology source and leading enterprise in modern industry chain, and continuously improved the innovation ability and level of science and technology.

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

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

As at the end of 2022, the Company has established China Coal and Coal Chemical Research Institute, China Coal Equipment Research Institute, one national energy coal mining extraction equipment R&D experimental centre, two national enterprise technology centres, two national energy technology equipment evaluation centres, seven nationally recognised laboratories, five provincial enterprise technology centres, five provincial engineering research centres, five provincial technological innovation centres, five postdoctoral research stations, 15 high-tech enterprises, four "mass entrepreneurship and innovation" demonstration bases, which has significantly enhanced its technological R&D capability.

Technological Innovations

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

The Company accelerated the implementation of major scientific and technological projects, and continuously improved its ability to tackle core technology breakthroughs. The intelligent construction of Dahaize Coal Mine has achieved the intelligence of the whole process of mining, transporting, upgrading and washing and sorting, and built the first 5G 700 MHz and 2.6 GHz integration network in the industry. The intelligent construction of the East Open Pit Mine has achieved the operation of unmanned mining trucks, making a breakthrough in the first unmanned remote control drilling rig technology in the PRC. The special development and application of prevention of rock burst in mines in Inner Mongolia and Shaanxi mine area is a new technology of joint fracturing and anti-punching, which is developed to adapt to anti-impact and absorption energy support, built a multi-parameter intelligent early warning cloud platform, and set a new benchmark for efficient treatment of major disasters. Pingshuo Group, combined with the positioning of the national oil and gas strategic base in Jinbei, initiated the pilot study on the application of large-scale gas flow bed gasification of high sulfur, high-ash and high-ash melting point coal in Jinbei, and promoted the downstream extension of the coal-based industry chain.

The Company strengthened the intelligent construction of coal mines, and continuously improved the level of safe, efficient and green mining. Shanghai Energy Company developed an intelligent coal gangue sorting robot, which improved the sorting efficiency by 60% and completely replaced the manual work. Northwest Energy Company developed an intelligent big data management and control platform for coal mines based on the industrial internet, with an intelligent mining rate of over 85%. Zhongtian Synergetic Energy Company Limited explored new roadway support technology, reducing support time by 50% and material cost by 16%. The key technology of intelligent coal mining developed by Equipment Company was included in the 2022 Catalog of Advanced Applicable Technology for Resource Conservation and Comprehensive Utilisation of Mines by the Ministry of Natural Resources, and was promoted and applied in more than 30 intelligent working face construction projects in the industry.

The Company strengthened the intelligent manufacturing of coal machinery equipment, and continuously improved the research and development level of high-end technical equipment. Beijing Coal Mining Machinery Company successfully developed a 10-meter hydraulic roof support with independent intellectual property rights, with technical indicators such as height of support, intelligence level and work resistance leading the world. Zhangjiakou Coal Mining Machinery Company was selected as the single champion product of the manufacturing industry, independently developed the first intelligent scraper conveyor for 500 meters of working face in China, and the intelligent multi-structure product was selected as the first set of technical equipment in the national energy field. Equipment Company was the first in the industry to develop a mining-oriented 5G integrated communication system, which realised underground high-speed transmission, 4G/5G integrated communication, emergency broadcast, precise positioning of underground personnel and other functions, filling the gap in the industry.

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

The annual R&D investment was RMB4,478 million[Note], representing a year-on-year increase of 0.07 pps as a percentage of operating revenue. The average enterprise R&D investment intensity of coal production, equipment manufacturing and others reached more than 3.3%. The implementation of 40 key core technology research projects were promoted, and the appraisal of 37 provincial and ministerial advanced scientific and technological achievements was completed.

During the year, the Company won a total of 29 science and technology progress awards in the industry at the provincial and ministerial levels, including 20 Technology Progress Prizes from China National Coal Association and 13 awards as the leading organisation, representing the best performance in the past six years.

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

Investor Relations

In 2022, the Company adhered to the principles of being "proactive, accurate, coordinated, effective, comprehensive, honest, and compliant", fully capitalised a flexible, diverse and multi-level communication mechanism, and successfully completed the annual investor relations management work.

Firstly, revised the relevant systems for investor relations of listed companies. The Company strictly implemented the newly-issued regulations, revised the "Investor Relations Management Measures (《投資者關係管理辦法》)", and formulated the "Specifications for Investor Consultation Hotline Service (《投資者諮詢熱線服務規範》)". The Company continued to strengthen and improve the basic guidance of the system, covering closed-loop management mechanisms such as information collection, information disclosure, investor communication, and capital market information feedback.

Secondly, organised regular performance report briefings. The Company first adopted both telephone conferences and internet interactions to coordinate domestic and foreign investors, held quarterly, semi-annual and annual results briefings for global investors, and prepared promotional materials and Q&A materials. In 2022, the Company organised 4 results briefing sessions, compiled 4 investor Q&A reference manuals, and covered almost 4,000 people in exchanging ideas.

Thirdly, strengthened communication with various investors. In accordance with the principle of "compliance with laws, honesty and equality, and proactive", the Company maintained good communication with various investors through multiple platforms and ways such as investor mailboxes, investor conference calls, investor meetings, results publications, roadshow and reverse roadshow, investor forums, and E-Interaction Platform of the Shanghai Stock Exchange, as well as promoted the positive communication of corporate values. In 2022, nearly 100 investor exchange campaigns were carried out by the Company, over 5,000 participants participated in exchange meetings, over 200 investor hotline inquiries were answered, nearly 100 messages from E-Interaction Platform of the Shanghai Stock Exchange were replied, and over 1,000 inquiries from various investors were completely replied.

Fourthly, made every effort in the collection and feedback of capital market information. The Company actively tracked and analysed the concerns of the capital market, strengthened the monitoring of Company's research reports and communication with mainstream media, and eliminated the mismatch of market information to the greatest extent. The Company prepared capital market reports on a regular basis to provide the management with various decision-making references. In 2022, nearly 1,000 pieces of capital market information were received by the management, 2 capital market analysis reports, 12 monthly investor relations reports, over 100 benchmarking analysis reports and newsletters were prepared.

Fifthly, conducted market value management research. The Company organised research on market value management in an objectively and pragmatically manner, proposed relevant opinions and suggestions, carried out multiple measures to continuously create a favourable market environment, fully protected the legitimate rights and interests of investors, guided reasonable market value return, and promoted the matching of market value and intrinsic value. In 2022, the Company was rewarded the "Top 100 Listed Companies in China" from the Chinese Listed Companies Summit Forum, the "2022 Best Practice of Listed Company Board Offices" from the China Association for Public Companies and the "Sixth China Excellent IR – The Best Capital Market Communication Award (第六屆中國卓越IR最佳資本市場溝通獎)".

In 2023, the Company will continuously adhere to maintain 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 2022, the Company conscientiously implemented the superior department's arrangement for work safety, comprehensively strengthened safety management, enhanced safety supervision, continued to promote the "ten" fundamental measures of safety production, implemented fifteen safeguard measures to strengthen safety production, and carried out in-depth special rectification of production safety and major inspections of production safety to ensure safe production during special periods such as major festivals and important meetings, and the safe production situation was generally stable.

Firstly, effectively prevented and resolved significant security risks. The Company deepened the construction of dual prevention mechanism, comprehensively improved the quality of risk identification and management and control, and established a major safety risk management and control mechanism of "annual identification, quarterly evaluation, monthly summary, and weekly analysis" to ensure that risks were controllable and under control. The Three-year Action rectification of special rectification of safety production was thoroughly commenced, the safety production of Central Enterprises, safety special rectification of self-built houses and safety risk centralized management of hazardous chemical were improved. Safety responsibilities have been consolidated level by level to ensure various activities resulted in substantial achievement. By means of expert consultation and business consultation, major disasters were controlled in advance and key and difficult safety problems were studied and solved.

Secondly, continuously strengthened the safety infrastructure. The Company enhanced the standardisation of coal mine safety production, and 9 coal mines including Anjialing Coal Mine have been rated as level 1 of national safe production standardised management system. The intelligent construction of coal mines was accelerated, and the proportion of underground intelligent coal mining working faces was significantly increased, and numerous sites places were unattended. Yaoqiao Coal Mine of Shanghai Energy Company passed the on-site inspection by experts of the first group of national intelligent demonstration coal mine. The Company continued to promote "one optimisation and three reduction", invested RMB1.921 billion in safety expenses, vigorously improved the level of mine equipment, promoted the application of advanced equipment such as 1000-meter directional drilling rigs, and completed 97 major production system renovation projects such as "one ventilation and three preventions", water prevention and control, and electromechanical transportation. The construction of the emergency rescue system was strengthened, and the rescue and fire squad of Pingshuo Group was included in the construction of the national emergency rescue base, to further improve emergency rescue capacity.

Thirdly, secured safety responsibilities level by level. The Company implemented the requirements of the "Work Safety Law", revised the safety production responsibilities of the headquarters of the joint-stock company, and followed the principles of "three managements and three musts" and "single responsibility", which clarified the safety responsibilities of leaders at all levels, functional departments, and personnel in each position, and "no cross and no overlap" of safety responsibilities was achieved. The security assurance was implemented at all levels, including 19 mine (plants), to promote the implementation of the on-site safety responsibility. The safety performance evaluation method of coal mine enterprises has been formulated to comprehensively evaluate the implementation of the main responsibility of the enterprise's safety production and the safety performance ability of the head of the enterprise, to continuously improve the level of safety management.

Fourthly, maintained an aggressive attitude in safety production. The Company continued to strengthen safety supervision and inspection, organised the campaigns of March Safety Warnings, Production Safety Month, 100-day Safety, and Production Safety Inspection to create an aggressive attitude and a strong atmosphere for safety. The Company implemented precautions and safety measures, launched "fifteen" safeguard measures and "nine strict" safety measures to strengthen production safety, and implemented and strengthened safety management and control upgrade measures for important meetings and key periods. The Company adhered to strict assessment of accountability, established a reporting system for production safety incidents, and severely cracked down on concealing of false reports. The Company cultivated safety culture of "rule-abiding", comprehensively carried out the "workers' violations, cadres' reflection (工人違章，幹部反省)" campaign, and seriously opposed "three violations". Shanghai Energy Company built an intelligent monitoring system for violations, which can realise intelligent identification, analysis, capture and alarm of violations and hidden dangers, and the outcome of "three violations" governance has been further improved.

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 adhered to the implementation of the healthy China strategy and the work style of "management attaching importance, full participation, safety and health", continued to make every effort on the prevention and control of occupational diseases, and effectively protected the physical and mental health of the majority of employees. Firstly, the Company strengthened organisational leadership and improved the health management system. By modifying traditional concepts, the Company constantly preserved and innovated to improve the management system, implemented all-member responsibility system, and ensured the normal operation of the system. Secondly, the Company strengthened professional escort and enhanced the health security system. Through the governance of hazards at source, the Company improved the protection standards, improved the warning notification, and ensured the normal operations and reliability of the protective equipment and facilities to ensure the safety of employees. Thirdly, the Company strengthened departmental cooperation and upgraded the health security system. Through the popularisation of health knowledge, effective education and training, regular health check-ups, and increasing investment in health, the Company creates a healthy enterprise to ensure the physical and mental health of employees.

III. ENVIRONMENTAL PROTECTION

The Company adhered to green development and strictly fulfilled the political and social responsibilities of central enterprises to protect the ecological environment. The Company adhered to target-oriented, problem-oriented and result-oriented, improved the management and control system, strengthened the implementation of responsibilities, and accelerated the implementation of pollution control and ecological restoration projects. The major indicators continued to improve, and no unexpected environmental emergencies occurred. Numerous coal mines were selected into the State Green Mine Catalogue. The Wushenzhao Plant of Ordos Energy Chemical Company and the chemical subsidiary of Shaanxi Company were awarded as provincial "Green Factory", respectively, and Beijing Coal Mining Machinery Company was awarded as national "Green Factory".

Safety, Health, Environmental Protection and Social Responsibility

First, the Company continuously improved the ecological and environmental protection management and control system. The Company strictly implemented the requirements of "same accountability for CPC committee members and government officials, dual responsibilities for one post" and "environmental protection must be managed in the management of development, production and business". The "Ecological Environmental Protection Responsibility System of Headquarters (《總部生態環境保護責任制》)" has finished revising. The affiliated enterprises formulated and revised relevant systems in accordance with the requirements of national and local ecological and environmental protection policies and regulations, continuously improved the organisation and management, statistical monitoring, assessment, reward and punishment system, and continuously strengthened professional management. The Company strengthened the construction of environmental emergency response capabilities, carried out emergency drills for environmental emergencies in combination with industry characteristics, to improve emergency response capabilities. The Company broke down and implemented the annual environmental protection objectives and tasks level by level, strictly assessed and constrained, and actively adopted effective measures to help enterprises with high quality development.

Second, the Company strictly prevented and controlled ecological and environmental risks. 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 strengthened the management and control of unorganised emissions in the whole chain, and strictly controlled the emission indicators of air pollutants. The Company actively carried out special actions for the treatment of volatile organic compounds (VOCs), continued to strengthen the comprehensive treatment of fugitive dust in open-pit mines, and accelerated the transformation of fully enclosed coal storage yards. The upgrading of wastewater treatment facilities was vigorously promoted. The Company strengthened the qualitative treatment and utilisation of mine water and industrial wastewater, and improved the wastewater treatment capacity and reuse efficiency. The Company promoted the intensive recycling of mine water resources, promoted and applied technologies such as backfill mining and layer separation grouting, where possible based on the specific conditions, realised the standardised disposal and efficient utilisation of coal gangue and fly ash, continued to carry out ecological restoration and management, and comprehensive management of subsidence areas in underground mines, reclamation of open-pit mine dumps, as well as planning, deploying, and implementing with coal production, to promote the construction of green mines with high standards.

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	58	May 2021	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	0	Yes
Peng Yi★	Vice Chairman, Executive Director	Male	60	October 2018	Till the termination date of the terms of office of the fourth session of the Board	0	0	0	–	0	Yes
Zhao Rongzhe★	President, Non-executive Director	Male	57	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	42	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	69	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	69	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	57	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 (Convener)	Male	58	October 2018	Till the termination date of the terms of office of the fourth session of the Supervisory Committee	0	0	0	–	111.96	No
Zhang Shaoping	Employee Representative Supervisor	Male	58	October 2018	Till the termination date of the terms of office of the fourth session of the Supervisory Committee	0	0	0	–	117.61	No
Zhang Qiaoqiao	Shareholder Representative Supervisor	Female	50	May 2021	Till the termination date of the terms of office of the fourth session of the Supervisory Committee	0	0	0	–	128.10	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
Ni Jiayu◆	Vice President	Male	51	October 2018	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	110.22	Yes
Chai Qiaolin◆	Chief Financial Officer	Male	54	October 2018	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	121.71	No
Zhang Guoxiu◆	Vice President	Male	56	October 2022	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	11.41	No
Jiang Qun◆	Secretary to the Board and Company Secretary	Male	52	October 2021	Till the employment date of the next session of senior management by the next session of the Board	0	0	0	–	73.63	No
Total	/	/	/	/	/	0	0	0	/	743.64	/

Notes:
1. The remunerations of the above Directors, Supervisors and senior management are calculated based on the period during which they hold office.
2. The remunerations during the reporting period presented are the remunerations of Directors, Supervisors and senior management received from the Company.
3. ★Mr. Peng Yi ceased to temporarily perform the duties of the President in October 2022. Mr. Zhao Rongzhe acted as the President in October 2022.
4. ◆Distribution ratio of performance-based salaries for this period is 70% (the remunerations listed above include deferred performance-based salaries from the previous year). Remuneration listed for Mr. Ni Jiayu represents the remuneration received from the Company during the reporting period, which includes the deferred performance-based salary for the previous year as well as the remuneration received from China Coal Group since June 2022.
5. ●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.

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

(1) Directors

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

Directors, Supervisors, Senior Management and Employees

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

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 management 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.

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.

Directors, Supervisors, Senior Management and Employees

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. Mr. Leung 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) and the General Manager of the Audit Department 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 Chairman of Supervisory Committee of Shanghai Datun Energy Resources Company Limited and the Chairman of Supervisory Committee of Huajin Coking Coal Company Limited. Mr. Wang graduated from Anhui University of Finance and Economics with a Bachelor's Degree in Economics in June 1995, and obtained a Postgraduate Diploma in Economics in Party School of the Central Committee of C.P.C in July 2013. Mr. Wang is a Senior Accountant and is entitled to special government allowance granted by the State Council. Mr. Wang served as the Deputy Director of Finance Department, Director of Finance and Audit Department, and Manager of Finance Department in China Coal Construction Group Corporation, the Deputy Director of Asset 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 Company. He is currently the full-time Director of China Coal Group, an External Director of Shanghai Datun Energy Resources Company Limited, an External Director of China Coal Xinji Energy Co., Ltd., an External Director of China Coal Northwest Energy Chemical Company Limited, an External Director of China National Coal Mining Equipment Company Limited and the Chairman of the Supervisory Committee of China Coal Pingshuo Development Group 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 and General Manager of the Legal Affairs and Compliance Department of the Company. She is currently the General Manager of the Legal Affairs and Compliance Department of China Coal Group. Ms. Zhang graduated from the Capital University of Economics and Business majoring in economic laws and obtained a bachelor's degree in law in July 1995. In November 2003, Ms. Zhang obtained a Master 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 Coal Group, the Deputy Office Chief in the Legal Affairs Department of China Coal Group, the Office Chief in the Legal Affairs Department of China Coal Group, the General Manager in the Legal Affairs Department of China Coal Group 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.

Directors, Supervisors, Senior Management and Employees

(3) Senior Management

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

2. **Ni Jiayu**, born in 1971, is a member of Party Committee and the Vice President of the Company. He currently serves as a standing member of Party Committee and the Deputy General Manager of China Coal Group, 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. Mr. Ni served as the Secretary of the Communist Youth League Committee of China Coal Construction Group Corporation, the Secretary of the Communist Youth League Committee, Deputy Director of the Work Department of Party Committee and Deputy General Manager of Human Resources Department of China Coal Group, the Manager of the Department of Human Resources of the Company, the Director of Party-Masses Work Department, Director of the Supervision and Audit Department, Director of the General Office and General Manager of Human Resource Management Department of China Coal Group, a member of the standing committee of Ordos City and the Deputy Mayor of Ordos City (secondment), the General Manager of Equipment Affairs Department of the Company, a member of Party Committee of China Coal Group, and the Secretary of Party Committee and Chairman of China Coal Mining Equipment Company. Mr. Ni has profound working knowledge and successively served in various positions in different enterprises and local governments. He has extensive experience in corporate operation management and administrative management.

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

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

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

Directors, Supervisors, Senior Management and Employees

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 2022, the total remunerations for Directors, Supervisors and senior management of the Company was RMB7,436,400 (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
Peng Yi	Vice Chairman (performs the duties of the President)	Resignation	Ceased to temporarily perform the duties of the President from October 2022, which was approved at 2022 fifth meeting of the fourth session of the Board
Zhao Rongzhe	President, Non-executive Director	Employment	Employed at 2022 fifth meeting of the fourth session of the Board
Zhang Guoxiu	Vice President	Employment	Employed at 2022 fifth meeting of the fourth session of the Board

Directors, Supervisors, Senior Management and Employees

On 2 March 2023, the Resolution on the Election of Executive Directors and Non-executive Directors of the Fifth Session of the Board of the Company and the Resolution on the Election of Independent Non-executive Directors of the Fifth Session of the Board of the Company were considered and passed at the 2023 first meeting of the fourth session of the Board of the Company, which has been approved by the general meeting held on 28 March 2023 for consideration. The Company has completed the re-election of the fifth session of the Board after being approved at the general meeting. For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 2 March and 28 March 2023.

V. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

The Company always upholds equal and regulated employment and has established a fair, democratic, competitive and choose-the-best selection and employment mechanism, while continuously fosters the diversification of employees to offer a strong support for the Company's sustainable development. Given the specialty of the industry nature of the Company, the proportion of male employee of the Group is relatively higher. As of the end of the reporting period, the Group has a total of 46,450 employees, of which, 7,573 are female and 38,877 are male, accounting for 16.3% and 83.7%, respectively.

	Number of persons
Number of current employees in the Company	417
Number of current employees in major subsidiaries	28,456
Total number of current employees	46,450
Number of staffs who have resigned or retired, for whom the Company and its major subsidiaries are required to bear the relevant costs	0

Professional composition

Professional composition by type	**Number of persons of professional composition**
Production Staff	29,387
Sales Staff	1,045
Technical Staff	9,368
Financial Staff	901
Administrative Staff	3,296
Other Staff	2,453
Total	46,450

Education Level

Education level by type	**Number of persons**
Postgraduate or above	1,305
Undergraduate	13,800
Undergraduate or below	31,345
Total	46,450

Directors, Supervisors, Senior Management and Employees

VI. REMUNERATION POLICY

In terms of employee compensation strategy, the Company improved the total salary determination mechanism based on value creation and efficiency improvement. The Company strictly controlled the total cost of employment, strengthened the management of labor fees, and implemented bundled management with the total salary to improve output efficiency. The Company continued to carry out the pilot program of total salary management, which effectively stimulated the innovation and efficiency of enterprises. The Company strengthened positive incentives, and facilitated the implementation of corporate strategies by building a positive reward mechanism for transformation and development with high-quality development, coal supply guarantee and scientific research. The Company promoted the reform of corporate income distribution, established a remuneration system for core key talents with competitive advantages in market based on the different characteristics of talents, which clarified the income distribution requirements for management, scientific and technical staff and skilled personnel. Its policy also leaned on key core positions, high-calibre talents urgently needed and inferior positions in frontline production, thereby improving the market competitiveness of remuneration for key positions, guiding staff to strive for excellence, and facilitating high-quality development of the Company.

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 74,000 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)	34,314,000
Total amount of remunerations paid for outsourcing (RMB thousand)	1,543,739

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 2022 prepared in accordance with the IFRS.

I. PRINCIPAL OPERATIONS

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

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

II. OPERATING RESULTS

The financial and operating results of the Group for the year ended 31 December 2022 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 23 March 2023, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB5,472,160,500 to the Shareholders, representing 30% of the net profit attributable to the shareholders of the listed company for the year ended 31 December 2022, which was RMB18,240,535,000 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 RMB0.413 per share (tax inclusive). The above proposed profit distribution plan is subject to the approval of Shareholders at the 2022 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 2022 annual general meeting of the Company (expected to be convened prior to 30 June 2023) and holders of H shares who are entitled to receive the final dividend for the year ended 31 December 2022, the latest registration date and the period of closure of H share register as well as the dividend distribution date (expected to be prior to 31 August 2023) will be separately announced after determining the convening date of the 2022 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 2022, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As of 31 December 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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, for the year ended 31 December 2022, 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 2022 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 2022, 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 2022, 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 2022 are set out in the notes to the audited financial statements for the year.

XII. DONATION

For the year ended 31 December 2022, the Group donated a total of RMB33,336,000 for charity and other donation purposes.

XIII. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2022 are set out in the notes to the audited financial statements for the year.

XIV. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENT

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

XV. MAJOR SUPPLIERS AND CUSTOMERS

The Group's major suppliers mainly provide the Group with trading coal and raw materials. The major customers mainly include domestic electric power enterprises, iron and steel enterprises, coal production enterprises, chemical product manufacturing enterprises and related trade enterprises. During the year ended 31 December 2022, total values (not of a capital nature) of the contracts entered into between the Group and its top five suppliers accounted for less than 30% of the total values of the goods the Group purchased. During the year ended 31 December 2022, total values of the contracts entered into between the Group and its top five customers in aggregate also accounted for less than 30% of the total amount of revenue and other income of the Group.

XVI. MATERIAL CONTRACTS

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

XVII. CONNECTED TRANSACTIONS

The followings are the main connected transactions of the Company during year 2022:

(1) Continuing Connected Transactions

The continuing connected transactions between the Company 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 and Shanxi Coking Coal Group, its associates, and their subsidiaries. Such transactions facilitate the Company in obtaining stable coal product supply, coal mine construction and related service at market price and are conducive to the reduction in uncertainties and transaction costs during the transaction process of the Company. The Company entered into routine connected transaction agreements with China Coal Group, the controlling shareholder of the Company, and other related parties in respect of the connected transactions conducted in the ordinary normal course of business. The major terms and the actual amount incurred of such routine connected transaction agreements are as follows:

1. Coal Supply Framework Agreement

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

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

For the year ended 31 December 2022, the annual cap for the fees payable to China Coal Group and its subsidiaries (excluding the Company) and Guoyuan Group 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) and Guoyuan Group by the Company for 2022 was RMB22.2 billion, and the actual amount incurred was RMB17.571 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, transportation, loading and uploading services, electricity and heat supply, equipment maintenance and leasing, labour contracting, entrusted management and others; and (ii) social and support services including staff training, medical services and emergency rescues, communication, property management services and others; and 2) the Company and its subsidiaries shall supply China Coal Group and its subsidiaries (i) production materials and ancillary services, including coal, coal mining facilities, raw materials, auxiliary materials, electricity and heat supplies, transportation, loading and uploading services, equipment maintenance and leasing, labour contracting, entrusted management, information service and others; and (ii) exclusive coal export-related ancillary services including organising product supply, performing coal blending, coordinating logistics and transportation, provision of port-related services, arranging inspection and quality verification and providing services relating to product delivery. On 5 July 2022, the Company and China Coal Group entered into the Supplementary Agreements to the Integrated Materials and Services Mutual Provision Framework Agreement, pursuant to which, the parties agree and ratify, with effect from 1 January 2022, the applicable scope of the Integrated Materials and Services Mutual Provision Framework Agreement will be expanded to the China Coal Group and its subsidiaries and Guoyuan Group. The details are set out in the announcements of the Company dated 28 April 2020, 16 June 2020, 27 October 2021 and 5 July 2022 and the circulars of the Company dated 29 April 2020 and 11 July 2022.

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

For the year ended 31 December 2022: (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) and Guoyuan Group was RMB7.0 billion and the actual amount incurred was RMB5.669 billion; (2) the annual cap for the provision of raw materials and ancillary services and exclusive coal export-related services to China Coal Group and its subsidiaries (excluding the Company) and Guoyuan Group by the Company for 2022 was RMB9.8 billion and the actual amount incurred was RMB3.658 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 2022, 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 RMB2.9 billion, and the actual amount incurred was RMB2.896 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 Company) have agreed to lease certain properties to the Company for the general operation and ancillary purpose. The properties leased include 360 properties amounting to a total floor area of approximately 317,298.01 square metres and most of which are for production and operation usage. Details are set out in the announcements of the Company dated 23 October 2014 and 28 April 2020.

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

For the year ended 31 December 2022, 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 RMB101 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 2022, 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 RMB350 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 2022, 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 RMB9.0 billion, and the actual maximum daily balance incurred was RMB4.172 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 announcements of the Company dated 28 April 2020 and 22 April 2021.

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

For the year ended 31 December 2022: (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 RMB0; (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 RMB1.229 billion.

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 2022 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Adjustment of the Annual Caps of Certain Routine Connected Transactions for 2022-2023

On 5 July 2022, the Resolution on the Adjustment of the Annual Caps of Certain Continuing Connected Transactions of the Company for 2022-2023 was considered and approved at the third meeting of the fourth session of the Board of the Company, pursuant to which the Company was approved to increase the caps of the routine connected transactions for 2022-2023 in respect of the purchase of coal products from China Coal Group and its subsidiaries and Guoyuan Group, the provision of raw materials and ancillary services and exclusive coal export-related services by the Company to China Coal Group and its subsidiaries and Guoyuan Group. The above matters have been considered and approved by the general meeting on 11 July 2022. For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 5 July, 11 July, 11 August and 25 August 2022 respectively.

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

XVIII. REDUCTION IN COMPETITION IN THE SAME INDUSTRY

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

In the context of energy transformation, the coal industry will be affected by multiple factors such as financing, environmental protection, carbon emission, public opinion, and market pricing, which are closely related to the national macroeconomic policies. Currently, owing to the complicated and harsh circumstances of the world economy, there are still many uncertainties which may have certain impacts on the operating results of the Company. Adhering to its strategic goals, the Company will fully implement the development concept of "efficiency enhancement and incremental transformation", deepen corporate reform, strengthen scientific and technological innovation, promote transformation and upgrading, and accelerate industrial structure adjustment. By strengthening operation and management, strictly implementing budget and strengthening monitoring and analysis, the Company strives to achieve effective improvement in quality and reasonable growth in volume of its operation and development.

(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 chemical products. In particular, olefin products are dependent on external forces to a certain extent. The volatility in international oil prices has a greater impact on the trend of olefin prices and the profitability of coal-to-olefins, and the demand for urea will still be in a seasonal cycle. The Company will enhance market research and judgment, flexibly adjust marketing strategies, improve the coordination mechanism of "production, sales and research" of differentiated products, further strengthen the marketing management of by-products, and improve the profitability of products. Relying on the existing marketing channels, the Company will steadily carry out domestic trading and international business of coal chemical products, and broaden the ways of self-operation and profit-making.

(3) Risks of Safe Production

Due to the inherent characteristics of the industry, the Company and other coal mining and coal chemical enterprises are affected by natural conditions and production characteristics, and are exposed to safety risks such as high temperature and high pressure, flammability and explosive, mine gas, permeability, roof fall, and impact on ground pressure. The Company will continue to improve the safety management system and strengthen the establishment of the dual prevention mechanism, pay close attention to the implementation of safety responsibilities, regularly organise emergency drills, deal with major disasters in advance, further prevent and resolve safety risks, and investigate and rectify hidden dangers. The Company will continue to increase investment in safety, promote the construction of intelligent, standardised, safe and efficient mines, strengthen safety quality improvement, strengthen safety infrastructure construction, and improve its intrinsic safety level.

(4) Risks of Environmental Protection

Under the national "dual carbon" goal and strategy, the Company and other coal, coal chemical and thermal power enterprises will face many challenges such as water resource management, energy conservation and emission reduction, environmental regulatory policies, and environmental governance due to their own industry characteristics. The Company will continue to adhere to the direction of green and low-carbon development, benchmark against the target task of "carbon emissions peak and carbon neutrality", and continuously improve the ecological and environmental protection risk management and control system. It will also accelerate the construction of key environmental protection projects such as air, solid waste, wastewater and ecology, strengthen the daily management and statistical monitoring of ecological and environmental protection, continue to carry out pollution control, emission reduction and ecological governance, strengthen the assessment and accountability of ecological and environmental protection, thereby effectively resolving the ecological and environmental risks.

(5) Risks of Rising Costs

The underground geological conditions of coal mines are complex and changeable with high mining difficulties and costs. Coupled with the increase in coal mining resource costs, environmental costs, safety costs, transportation costs and commodity prices, the cost pressure of coal enterprises have increased to a certain extent. The Company will continue to exert greater effort in cost control, carry out cost variance analysis, and strengthen standard cost and quota management. By adopting new technologies, new working processes and new equipment, optimising production layout, improving production efficiency, and reducing material procurement costs and unit consumption level, the Company may gain new advantages in cost competition continuously.

(6) Risks of Project Investment

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

XX. SIGNIFICANT EVENTS

(1) Share Capital Structure

As of 31 December 2022, 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 2021

The Company's 2021 profit distribution plan was considered and approved at the Company's 2021 annual general meeting held on 15 June 2022. Cash dividends of RMB3,984,572,400 were distributed to the Shareholders, representing 30% of the net profit attributable to the shareholders of the listed company which was RMB13,281,908,000 as set out in the consolidated financial statements for 2021 prepared in accordance with PRC GAAP. Based on the total issued share capital of 13,258,663,400 shares of the Company, RMB0.301 (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 2022, as considered and proposed at the 2022 third meeting of the fourth session of the Board held on 5 July 2022, and approved at the general meeting, A shareholder' class meeting and H shareholder' class meeting of the Company on 25 August 2022.

(4) Transaction of Assets

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

(5) Other Significant Events

Proposal on Continuing to Grant to the Management of the Company the General Mandate to Issue Debt Financing Instruments

On 15 June 2022, the 2021 annual general meeting of the Company considered and approved the Proposal on Continuing to Grant to the Management of the Company the General Mandate to Issue Debt Financing Instruments, in which the Board was generally and unconditionally authorised, who would in turn further authorise the management of the Company, with full power and authority to deal with the matters in relation to the issuance of domestic and/or overseas debt financing instruments of no more than RMB40 billion within the effective period of the resolution and in accordance with the specific needs of the Company and other conditions of the capital market.

XXI. MATERIAL LEGAL PROCEEDINGS

For details of the litigation involving Yihua Mining, Mengda Mining and Yinhe Hongtai Company, please refer to the relevant sections in the 2021 annual report of the Company. At present, the case is still in the process of litigation and has no material impact on the production, operation and financial position of the Company. The Company will continue to strengthen communication and coordination with Inner Mongolia Autonomous Region, further deepen cooperation between enterprises and local governments, continuously expand cooperation areas, and make every effort to resolve the issues left over, thus ensuring the stable and healthy development of enterprises and promoting win-win cooperation between enterprises and local governments.

For the year ended 31 December 2022, 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.

XXII. AUDITORS

On 15 June 2022, the annual general meeting of the Company for 2021 approved the engagement of Ernst & Young Hua Ming LLP and Ernst & Young as the auditors for interim financial report review, annual financial report audit and internal control audit of financial report of the Company under PRC GAAP and IFRS for 2022. In 2022, the auditors of the Company have been changed to Ernst & Young.

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 2022.

XXIV. RESERVES

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

As at 31 December 2022, reserves available for distribution by the Company in accordance with the relevant laws and regulations of the PRC were RMB28.758 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 Group's financial information for the last five financial years was extracted from the audited financial statements. The summary does not form part of the audited financial statements.

XXVII. PERMITTED INDEMNITY PROVISION

The Company has purchased liability insurance for its Directors, Supervisors and senior management. The insurance was effective in the fiscal year ended 31 December 2022 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
23 March 2023

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. By conducting supervision over the major decision-making, financial reports, related party transactions of the Company and the duties performed by the Directors and senior management of the Company through organising and convening meetings of the Supervisory Committee and attending Shareholders' general meetings and Board meetings, thereby completing the work of the Supervisory Committee well in 2022.

I. DETAILS OF MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date of Meeting	Newspaper for information disclosure of the resolution
First meeting for 2022 of the fourth session of the Supervisory Committee	24 March 2022	Shanghai Securities News, Securities Times
Second meeting for 2022 of the fourth session of the Supervisory Committee	27 April 2022	–
Third meeting for 2022 of the fourth session of the Supervisory Committee	5 July 2022	China Securities Journal, Securities Daily
Fourth meeting for 2022 of the fourth session of the Supervisory Committee	25 August 2022	China Securities Journal, Securities Daily
Fifth meeting for 2022 of the fourth session of the Supervisory Committee	26 October 2022	–

During the reporting period, the Supervisory Committee convened five on-site meetings, at which resolutions in relation to the Company's 2021 annual report and financial report, the quarterly reports and interim report for 2022 and connected transactions were considered and approved. The Supervisory Committee also listened to reports in relation to managing and controlling material risks in 2022.

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

In 2022, the Company anchored on the strategic goal of building a world-class energy enterprise, continued to implement the development idea of "efficiency enhancement and incremental transformation", seized opportunities and strived for excellence, accelerated layout optimisation and structural adjustment, continued to promote reform to a deeper scale, significantly improved the quality of development, and achieved new highs in operating results. The Supervisory Committee expressed its recognition of the work done by the Company.

III. INDEPENDENT OPINIONS GIVEN BY THE SUPERVISORY COMMITTEE IN RESPECT OF THE FOLLOWING ISSUES OF THE COMPANY IN 2022

(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 adjustment of the Company's 2022-2023 annual caps of certain continuing connected transactions. The Supervisory Committee considers that the connected transactions of the Company were conducted by strictly adhering to the principles of equality, fairness, openness and complying with the requirements of relevant laws and regulations and the connected transactions management system of the Company, and its disclosure of information was standardised and transparent. The Supervisory Committee did not identify any acts that were detrimental to the benefits of the Company.

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

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

(6) Review of Risk Assessment Report on Finance Company and Risk Handling Plan for Financial Operations

During the reporting period, the Supervisory Committee has duly reviewed the Risk Assessment Report on China Coal Finance Co., Ltd. and the Risk Handling Plan for Financial Operations between China Coal Finance Co., Ltd. and China Coal Group and its Subsidiaries. The Supervisory Committee is of the opinion that the relevant report and resolution are factual and the Supervisory Committee has no dissenting opinion on the abovementioned report and resolution.

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

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

In 2023, 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
23 March 2023

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 2022, 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 2022.

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
2021 annual general meeting	15 June 2022	The websites of the SSE, the HKSE and the Company

Shareholders' General Meeting:

A total of eight resolutions including Resolutions on the Company's Directors' Report for 2021 and Supervisory Committee's Report for 2021 were considered at the 2021 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 2022, the Board has selected applicable accounting policies, made prudent, fair and reasonable judgments and estimations and prepared the financial statements on an ongoing basis. The statement of responsibilities of the international auditors is set out in the independent auditor's report of this report. All Directors are entitled to seek for further information from the management for matters discussed at the meeting of the Board. To help Directors to perform their duties, the Directors may seek for external independent and professional opinions when necessary at the expense of the Company.

The Directors of the Company proactively participated in continuing professional training to develop and update with the latest knowledge and skills. During the reporting period, the Company invited domestic and foreign legal advisors and accountants to make explanations on domestic and foreign listing regulatory rules and accounting standards, while providing all Directors with the key amendments and regulatory trends of domestic and foreign laws and regulations, responsibilities of Directors and respective typical examples, to ensure they can contribute to the Board in an appropriate and well-informed manner. Besides, during the reporting period, Mr. Wang Shudong participated in the "Key Points of Governance of Listed Companies" held by the China Association for Public Companies, the initial appointment of directors, supervisors and executives of listed companies held by the Shanghai Stock Exchange, and the main applicable regulatory rules and corporate governance requirements training held by overseas lawyers. Mr. Peng Yi, Mr. Zhao Rongzhe and Mr. Xu Qian participated in the training for directors and supervisors of listed companies located in Beijing jurisdiction. Mr. Zhao Rongzhe participated in the "Key Points of Governance of Listed Companies" held by the China Association for Public Companies. Mr. Zhang Ke, Mr. Zhang Chengjie, and Mr. Leung Chong Shun participated in the follow-up training for independent directors of listed companies organised by the Shanghai Stock Exchange.

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

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

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

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

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

In 2022, 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 2022 of the fourth session of the Board convened on 24 March 2022 considered the resolutions in relation to the Annual Report for 2021 of the Company, the Directors' Report for 2021 of the Company, the resolutions in relation to the Financial Report for 2021 of the Company, the resolutions in relation to the Proposed Profit Distribution Plan for 2021 of the Company, the resolutions in relation to the production, operation and financial plan for 2022 of the Company, the resolutions in relation to the continuation of the general mandate to issue debt-type financing instruments to the management of the Company, the resolutions in relation to the Capital Expenditure Plan for 2022 of the Company, the resolutions in relation to the joint venture between Pingshuo Group and Pingshuo Development Company to establish China Coal Pingshuo New Energy Company Limited, the resolutions in relation to the remunerations of the Directors and Supervisors of the Company for 2022, the resolutions in relation to the Assessment Report Regarding Internal Control for 2021 of the Company, and the resolutions in relation to the Environmental, Social and Governance (ESG) Report for 2021 of the Company. The reports in regard to the performance of the capital expenditure plan for 2021 and the implementation of resolutions of the Board of the Company for 2021 were heard at the meeting.

2. The second meeting for 2022 of the fourth session of the Board convened on 27 April 2022 considered the resolutions in relation to the First Quarter Report for 2022 of the Company, the resolutions in relation to the operational performance assessment indicators of senior management for 2022 of the Company, the resolutions in relation to the amendment of the Rules Governing the Disclosure of Information on Credit-type Bonds of the Company, the resolutions in relation to the appointment of auditors for review of the interim financial report and audit of the annual financial report for 2022 of the Company, and the resolutions in relation to the convening of 2021 annual general meeting. The reports in regard to the Company's report on the overall situation of audit work, audit status of key units and key construction projects in 2021 and key audit plans in 2022, and the Company's report on the completion status of safety, health, environmental protection and energy conservation work in 2021 and work arrangements for 2022 were heard at the meeting.

3. The third meeting for 2022 of the fourth session of the Board convened on 5 July 2022 considered mainly the resolutions in relation to the adjustment of the annual caps for certain continuing connected transactions of the Company for the years from 2022 to 2023, the resolutions in relation to the amendments of the Articles of Association, the resolutions in relation to the amendments of the Rules of Procedures of Shareholders' General Meetings and the Rules of Procedures of the Board of Directors of the Company, the resolutions in relation to the amendments of the Rules of Procedures of the Management Team of the Company, and the resolutions in relation to convening the first extraordinary general meeting of the Company in 2022 and the first general meeting of A Shares and H Shares in 2022.

4. The fourth meeting for 2022 of the fourth session of the Board convened on 25 August 2022 considered mainly the resolutions in relation to the Interim Report for 2022 of the Company, and the resolutions in relation to the Risk Assessment Report of the Finance Company and Risk Handling Plan for the Finance Company's Financial Business with China Coal Group and its Subsidiaries.

5. The fifth meeting for 2022 of the fourth session of the Board convened on 26 October 2022 considered the resolutions in relation to the Third Quarter Report for 2022 of the Company, and the resolutions in relation to the appointment of certain senior management. The reports in regard to the material risk management and control of the Company for 2022 was heard at the meeting.

6. The sixth meeting for 2022 of the fourth session of the Board convened on 27 December 2022 considered the resolutions in relation to the remuneration payment plan for 2021 and the basic annual base salary plan for 2022 of senior management of the Company.

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

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

The Board listens to the debriefing report of independent non-executive Directors every year. During the reporting period, the independent non-executive Directors of the Company strictly complied with all relevant laws and regulations including the Company Law, Guidance on Establishing Independent Directors System in Listed Companies, Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders as well as the rules and requirements under the Articles of Association, the Work Rules of Independent Non-Executive Directors and the Annual Report Work Rules of Independent Non-Executive Directors. Independent non-executive Directors performed their duties independently and attended relevant meetings in 2022, investigated thoroughly in the Company's subsidiaries, seriously took part in the decision-making of the Company's significant matters, expressed independent opinions on relevant matters of the Company, and provided constructive advice and recommendations regarding the corporate governance, reform development and production and operation of the Company. During the course of performance of duties, independent non-executive Directors upheld the legal rights of Shareholders, especially the minority Shareholders independently and objectively, fully exploiting the functions of independent non-executive Directors, while ensured that the Board could obtain independent views and opinions for enhancing its work efficiency.

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

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

(3) Implementation of Resolutions Passed at the Shareholders' General Meetings by the Board in 2022 are as follows:

No.	Shareholders' General Meeting	Subject Matter	Status
1	2021 annual general meeting	To approve the appointment of external auditors for 2022	Ernst & Young Hua Ming LLP and Ernst & Young were appointed as auditors of the Company to review the interim financial report, audit the annual financial report and audit the internal control of financial report for the year of 2022 in accordance with PRC GAAP and IFRS respectively.
2	2021 annual general meeting	To approve the profit distribution plan for 2022	In August 2022, the final dividends for 2021 were distributed to holders of A Shares and H Shares of the Company respectively.

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

As of 31 December 2022, there are five special committees under the Board, details of which are set forth below:

Special Committees	Fourth Session 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 2022, the strategic planning committee held one meeting, at which the resolutions in relation to the Company's 2021 Annual Report, the Director's Report for 2021, and the 2022 capital expenditure plan of the Company were considered and the report in relation to the completion status of the 2021 capital expenditure plan of the Company was heard. All the resolutions were approved. All the members 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 formulate measurable targets for realising diversity of the members of the Board based on those factors and the latest requirements of HKSE Listing Rules on the composition of the Board, including, among other things, the appointment of at least one female Director and at least three independent non-executive Directors (including that at least one independent non-executive Director shall possess appropriate accounting or relevant financial management expertise), review the progress of attaining the targets and give recommendations (if needed) to the Board for improvement.

In 2022, the nomination committee held one meeting, at which the resolutions in relation to the employment of some senior management of the Company were considered. All the resolutions were approved and all the members of the nomination committee attended the meeting in person.

The Company has completed the change of session of the Board on 28 March 2023, and all measurable targets for the diversity of the Board have been attained. As of the date of this report, the Board of the Company comprises 4 executive Directors, 1 non-executive Director and 3 independent non-executive Directors (of which, one is a female Director). All Directors have diversified age structure, education and culture background and occupation experience, and possess extensive professional knowledge and management experience in fields such as energy industry, corporate management, accounting and financial management. The existing diversified composition of the Board injects different views and facilitates the performance of the Board.

(3) Safety, Health and Environmental Protection Committee

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

In 2022, the safety, health and environmental protection committee held one meeting, at which resolutions including the 2021 annual report, the directors' report for 2021 and the 2021 environmental, social and governance (ESG) 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 2022, the audit and risk management committee held a total of six meetings, at which the resolutions such as the Company's 2021 annual report, financial report and internal control report were considered, and the audit opinions on the Company's financial report for 2021 and the reports on the audit plan of the Company for 2022 were heard. All the resolutions were approved at respective meetings and all the members of the audit and risk management committee attended all meetings in person.

(5) Remuneration Committee

The remuneration committee comprises two independent non-executive Directors. 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 2022, the remuneration committee held three meetings, at which the resolutions in relation to the remunerations of the Directors and Supervisors of the Company for 2022, operational performance assessment indicators for senior management for 2022, as well as remuneration payment plan for senior management for 2021 and annual base salary plan for senior management for 2022 were considered. All the resolutions were approved and all the members of the remuneration committee attended the meetings in person.

VII. CORPORATE GOVERNANCE FUNCTION OF THE BOARD

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

During the reporting period, the Board reviewed a series of corporate governance documents and monitored the implementation of these documents from time to time; reviewed and keenly organised training and continuous professional development for the Directors and senior management; reviewed and monitored the Company to identify any violation of laws and regulatory requirements; approved the Company's Corporate Governance Report for 2021 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 arrangements in relation to the operation and management meet the requirement of the Company.

IX. THE CHAIRMAN AND THE PRESIDENT

In 2022, the Company's chairman was Mr. Wang Shudong. Mr. Zhao Rongzhe, a Director of the Company, performed the duty of the president. The responsibilities between the chairman and the president are clearly defined: the main duties and powers of the chairman include presiding over general meetings and convening and presiding over board meetings; checking the implementation of resolutions of board meetings; signing securities certificates issued by the Company; signing important documents of the Board and other documents that shall be signed by legal representative of the Company; exercising the functions and powers of the legal representative, etc. The president shall be accountable to the Board, and main duties and powers of the president include in charge of the Company's production, operation and management, and organising the implementation of the resolutions of the Board; organising the implementation of the Company's annual operating plans and investment schemes; drafting plans for the establishment of the Company's internal management structure; establishing the Company's basic management system; formulating basic rules and regulations for the Company; proposing the appointment or dismissal of the Company's vice presidents; appointing or dismissing management officers other than those required to be appointed or dismissed by the Board, etc. Besides the directors and supervisors, other senior management members of the Company are responsible for the Company's daily operations. Duties of such persons are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this report.

X. INSURANCE ARRANGEMENT

Pursuant to Provision C1.8 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 2022, the Group's international auditor was Ernst & Young, and the domestic auditor was Ernst & Young Hua Ming LLP. The audit fees for the Group's 2022 financial report was RMB10.30 million, of which the audit fees for internal control amounted to RMB900,000. Furthermore, Ernst & Young Hua Ming LLP also provided the Company with other special audit and consulting non-audit services, the fees of which were RMB658,000 and RMB920,000 respectively.

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, and all Supervisors were present.

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

Supervisor	**Attendance in person**	**Attendance by proxy**
Wang Wenzhang	5	0
Zhang Shaoping	5	0
Zhang Qiaoqiao	5	0

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 Group

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 and Compliance, 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 and procedures of the Company, and supervising their implementation. It is also responsible for coordinating, promoting and supervising the effectiveness of the risk management and internal control under the First Line of Defense.

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

For the year ended 31 December 2022, the Board considers that the risk management and internal control system of the Company are effective and adequate, and is not aware of any material issue which may affect the operation, financial reporting and regulatory functions of the Company. The scope of review covers the Company's accounting, internal audit and financial reporting functions, as well as the resources, staff qualifications and experience regarding the Company's environment, society and governance performance and reporting, as well as the training programs received by the staff and related budgets.

4. Internal Audit

According to the Identification Standards for Significant Defects of Risk Management and Internal Control of the Company, during the year ended 31 December 2022, there were no significant defects in the risk management and internal control of the Company, and the Board was of the view that the Company had maintained, in all material respects, effective internal control over financial reporting in accordance with the risk management and internal control systems and relevant financial reports and in compliance with the requirements of the Listing Rules.

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

XIV. DIRECTORS AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for the preparation of financial statements for each financial period to ensure such financial statements give a true and fair view of the condition of the 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

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

OPINION

We have audited the consolidated financial statements of China Coal Energy Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 105 to 267, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on certain non-current assets in coal and others businesses	
As at 31 December 2022, the net book amounts of the property, plant and equipment, intangible assets, land use rights and mining rights of the Group were RMB126.45 billion, RMB1.90 billion, RMB6.79 billion and RMB39.48 billion, respectively. Management performed impairment testing on the corresponding cash-generating units ("CGUs") to these non-current assets with impairment indications belong. The recoverable amount of the CGU is the higher of the fair value less costs of disposal of these CGUs and their value in use. Due to the materiality of amount of the non-current assets with impairment indicators and the complexity of the impairment tests involving critical judgements and estimation(including the sales volume, sales prices, future production costs and the discount rate, etc.), we identified impairment assessment on certain non-current assets as a key audit matter. The accounting policy, significant accounting judgements and estimates and disclosures about the amount of provision and the balances of non-current assets are included in notes 6, 7(a), 19, 21, 22 and 23 to the consolidated financial statements.	Our procedures in relation to impairment assessment on non-current assets included: • checked and performed tests on the effectiveness of key internal controls; • reviewed management's assessment on impairment indicators and the classification of CGUs, and checked whether management's impairment testing is in accordance with the requirements of the relevant accounting standards; • evaluated the competence, capabilities and objectivity of management's specialist; • analyzed and reviewed the rationality and related supporting of critical judgements and estimation (including the sales prices and the discount rate, etc.) used in the impairment testing performed by management based on information in the same industry and its own circumstances; • involved our internal valuation specialists in evaluating the methodology and the discount rates used in the calculation of the recoverable amounts; • recalculated the recoverable amount calculated by management to check the accuracy of the calculation; • reviewed the disclosures of the relevant notes to the consolidated financial statements.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Bennett S.H. Wai.

Ernst & Young
Certified Public Accountants

Hong Kong
23 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Revenue	9	**220,576,859**	239,828,439
Cost of sales			
Materials used and goods traded		**(120,016,117)**	(154,227,715)
Staff costs		**(9,337,716)**	(7,341,261)
Depreciation and amortisation		**(9,927,575)**	(10,278,007)
Repairs and maintenance		**(2,895,820)**	(2,724,373)
Transportation costs and port expenses		**(10,766,014)**	(10,683,327)
Sales taxes and surcharges		**(7,240,645)**	(5,906,252)
Others		**(10,794,967)**	(10,258,611)
		(170,978,854)	(201,419,546)
Gross profit		**49,598,005**	38,408,893
Selling expenses		**(928,768)**	(818,491)
General and administrative expenses		**(6,633,986)**	(5,656,462)
Other income, other gains and losses, net	10	**(8,516,376)**	(3,365,286)
Impairment losses under expected credit loss model, net of reversal net of reversal	12	**(218,168)**	(22,021)
Profit from operations		**33,300,707**	28,546,633
Finance income	11	**135,135**	114,599
Finance costs	11	**(3,863,142)**	(4,071,568)
Share of profits of associates and joint ventures		**5,010,429**	3,279,607
Profit before income tax		**34,583,129**	27,869,271
Income tax expense	16	**(7,500,202)**	(6,561,988)
Profit for the year		**27,082,927**	21,307,283

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 *RMB'000*	2021 *RMB'000* (Restated)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income of associates, net of related income tax		**(68,349)**	–
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		**754,289**	90,568
		685,940	90,568
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		**25,937**	(9,644)
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		**5,621**	(817)
Exchange differences arising on translation of foreign operations		**4,396**	(33,924)
		35,954	(44,385)
Other comprehensive income for the year, net of tax		**721,894**	46,183
Total comprehensive income for the year		**27,804,821**	21,353,466
Profit for the year attributable to:			
Equity holders of the Company		**19,719,469**	15,172,278
Non-controlling interests		**7,363,458**	6,135,005
		27,082,927	21,307,283
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**20,433,115**	15,222,895
Non-controlling interests		**7,371,706**	6,130,571
		27,804,821	21,353,466
Basic and diluted earnings per share for the profit attributable to equity holders of the Company ***(RMB)***	*18*	**1.49**	1.14

Consolidated Statement of Financial Position

31 December 2022

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	19	**126,445,836**	129,208,630
Right-of-use assets	20	**362,754**	406,752
Investment properties		**69,089**	84,413
Mining rights	21	**39,484,920**	43,070,151
Intangible assets	22	**1,895,222**	1,924,916
Land use rights	23	**6,788,002**	6,385,064
Goodwill		**6,084**	6,084
Interests in associates	24(b)	**25,240,148**	22,638,811
Interests in joint ventures	24(c)	**4,508,156**	4,048,413
Equity instruments at fair value through other comprehensive income	25	**3,410,938**	2,417,834
Deferred income tax assets	39	**2,242,247**	2,376,648
Long-term receivables	26	**406,200**	369,680
Other non-current assets	27	**4,845,680**	3,855,168
Total non-current assets		**215,705,276**	216,792,564
Current assets			
Inventories	28	**9,350,026**	8,322,812
Trade receivables and notes receivables	29	**8,747,383**	7,768,165
Debt instruments at fair value through other comprehensive income	29	**5,881,285**	5,954,995
Contract assets	30	**1,972,141**	1,662,944
Prepayments and other receivables	31	**6,934,687**	8,774,646
Restricted bank deposits	32	**9,175,006**	6,150,730
Term deposits with initial terms of over three months	32	**51,852,476**	35,678,680
Cash and cash equivalents	32	**29,998,038**	31,095,384
Total current assets		**123,911,042**	105,408,356
TOTAL ASSETS		**339,616,318**	322,200,920
Current liabilities			
Trade and notes payables	33	**25,420,854**	27,264,143
Contract liabilities	34	**6,236,819**	5,372,787
Accruals, advances and other payables	35	**37,285,929**	29,682,567
Lease liabilities	36	**73,291**	74,325
Taxes payable		**3,207,822**	3,183,238
Short-term borrowings	37	**281,390**	654,155
Current portion of long-term borrowings	37	**30,891,551**	11,578,247
Current portion of long-term bonds	38	**1,561,811**	10,063,267
Current portion of provision for closedown, restoration and environmental costs restoration and environmental costs	40	**38,723**	66,874
Total current liabilities		**104,998,190**	87,939,603

Consolidated Statement of Financial Position

31 December 2022

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Non-current liabilities			
Long-term borrowings	*37*	**40,333,864**	60,862,670
Long-term bonds	*38*	**12,977,222**	14,173,894
Deferred income tax liabilities	*39*	**4,412,709**	5,597,260
Lease liabilities		**372,460**	419,448
Provision		**16,800**	79,532
Provision for employee benefits		**89,605**	96,972
Provision for closedown, restoration and environmental costs	*40*	**5,141,213**	3,583,885
Deferred revenue	*41*	**2,235,906**	2,350,555
Other long-term liabilities	*42*	**4,259,184**	4,264,637
Total non-current liabilities		**69,838,963**	91,428,853
Total liabilities		**174,837,153**	179,368,456
Equity			
Share capital	*43*	**13,258,663**	13,258,663
Reserves	*44*	**52,551,361**	49,251,789
Retained earnings	*44*	**64,703,761**	51,599,022
Equity attributable to the equity holders of the Company		**130,513,785**	114,109,474
Non-controlling interests		**34,265,380**	28,722,990
Total equity		**164,779,165**	142,832,464
TOTAL EQUITY AND LIABILITIES		**339,616,318**	322,200,920

The consolidated financial statements on pages 105 to 267 were approved and authorized for issue by the Board of Directors on 23 March 2023 and are signed on its behalf by:

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to the equity holders of the Company					
	Share capital *RMB'000*	Reserves *RMB'000*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2021 as previously reported	**13,258,663**	**49,195,789**	**51,095,657**	**113,550,109**	**28,613,862**	**142,163,971**
Acquisition of a subsidiary under common control in 2022 *(Note 3.2)*	**–**	**56,000**	**73,087**	**129,087**	**101,425**	**230,512**
Application of Amendments of IAS 16 *(Note 4)*	**–**	**–**	**430,278**	**430,278**	**7,703**	**437,981**
At 1 January 2022 (Restated)	**13,258,663**	**49,251,789**	**51,599,022**	**114,109,474**	**28,722,990**	**142,832,464**
Profit for the year	**–**	**–**	**19,719,469**	**19,719,469**	**7,363,458**	**27,082,927**
Other comprehensive income, net of tax	**–**	**713,646**	**–**	**713,646**	**8,248**	**721,894**
Total comprehensive income	**–**	**713,646**	**19,719,469**	**20,433,115**	**7,371,706**	**27,804,821**
Appropriations *(Note 44)*	**–**	**2,392,396**	**(2,392,396)**	**–**	**–**	**–**
Acquisition of a subsidiary under common control in 2022 *(Note 3.2)*	**–**	**(135,677)**	**–**	**(135,677)**	**–**	**(135,677)**
Acquisition of subsidiaries not under common control in 2022 *(Note 45)*	**–**	**–**	**–**	**–**	**73,787**	**73,787**
Share of other change of reserve of associates and joint ventures	**–**	**340,310**	**(230,042)**	**110,268**	**–**	**110,268**
Contributions from non-controlling interests	**–**	**–**	**–**	**–**	**110,000**	**110,000**
Dividends	**–**	**–**	**(4,000,797)**	**(4,000,797)**	**(1,959,721)**	**(5,960,518)**
Disposal of subsidiaries *(Note 46)*	**–**	**–**	**–**	**–**	**(54,115)**	**(54,115)**
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	**–**	**(11,379)**	**8,534**	**(2,845)**	**–**	**(2,845)**
Others	**–**	**276**	**(29)**	**247**	**733**	**980**
At 31 December 2022	**13,258,663**	**52,551,361**	**64,703,761**	**130,513,785**	**34,265,380**	**164,779,165**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to the equity holders of the Company					
	Share capital *RMB'000*	**Reserve** *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	48,134,941	40,407,688	101,801,292	23,006,117	124,807,409
Acquisition of a subsidiary under common control in 2022 *(Note 3.2)*	–	55,984	46,002	101,986	80,131	182,117
At 1 January 2021 (Restated)	13,258,663	48,190,925	40,453,690	101,903,278	23,086,248	124,989,526
Profit for the year *(Note 4)*	–	–	15,172,278	15,172,278	6,135,005	21,307,283
Other comprehensive income/(expense), net of tax	–	50,617	–	50,617	(4,434)	46,183
Total comprehensive income (Restated)	–	50,617	15,172,278	15,222,895	6,130,571	21,353,466
Appropriations *(Note 44)*	–	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 3.1)*	–	(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 (Restated)	13,258,663	49,251,789	51,599,022	114,109,474	28,722,990	142,832,464

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash generated from operations	*48*	**52,990,641**	52,475,367
Income tax paid		**(9,356,577)**	(4,378,805)
Net cash generated from operating activities		**43,634,064**	48,096,562
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(7,598,024)**	(9,096,350)
Proceeds from disposals of property, plant and equipment		**117,777**	77,288
Payments for land use rights, mining rights and intangible assets		**(2,158,214)**	(1,331,100)
Proceeds from disposals of land use rights, mining rights and intangible assets		**973**	37,695
Cash injections in associates and joint ventures		**–**	(212,069)
Proceeds from disposals of investments in associates and joint ventures		**5,262**	5,863
Dividends received		**2,119,979**	1,621,371
Loan repayment from the Parent Company (as defined in *Note 1*) and fellow subsidiaries		**2,343,029**	2,742,403
Loans granted to the Parent Company and fellow subsidiaries		**(2,423,370)**	(1,229,500)
Interest income on loans to the Parent Company and fellow subsidiaries		**136,247**	245,908
Interest income on loans to associates		**–**	202
Interest income on term deposits		**784,911**	555,602
Placement of term deposits with initial terms of over three months		**(15,503,953)**	(19,322,129)
Purchases of equity instruments at fair value through other comprehensive income		**(42,666)**	(50,530)
Proceeds from disposals of equity investments designated at fair value through other comprehensive income		**14,970**	–
Acquisition of subsidiaries		**(215,022)**	–
Disposal of subsidiaries		**372,037**	–
Refund of prepayments for investment in prior years and related interests		**138**	573,056
Net cash used in investing activities		**(22,045,926)**	(25,382,290)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 *RMB'000*	2021 *RMB'000* (Restated)
FINANCING ACTIVITIES		
Proceeds from borrowings	**12,420,113**	25,095,459
Repayment of borrowings	**(16,629,557)**	(20,717,651)
Contributions from non-controlling interests	**110,000**	585,107
Dividends paid to the Company's shareholders	**(4,000,796)**	(1,776,661)
Dividends paid to non-controlling interests	**(465,463)**	(1,261,103)
Acquisition of non-controlling interest of a subsidiary	**(25,306)**	(50,332)
Acquisition of subsidiaries under common control	**(136,298)**	(1,413,183)
Interest paid	**(3,788,277)**	(4,216,429)
Net proceeds from issuance of long-term bonds	**–**	2,997,000
Repayment of long-term bonds	**(10,063,267)**	(5,800,000)
Repayments of lease liabilities	**(94,818)**	(87,730)
Bonds issuance costs	**(13,333)**	(41,533)
Net cash used in financing activities	**(22,687,002)**	(6,687,056)
Net (decrease)/increase in cash and cash equivalents	**(1,098,864)**	16,027,216
Cash and cash equivalents, at beginning of the year	**31,095,384**	15,041,851
Effect of foreign exchange rate changes	**1,518**	26,317
Cash and cash equivalents at end of the year	**29,998,038**	31,095,384

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

China Coal Energy Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 22 August 2006 as a joint stock Company with limited liability under the Company Law of the PRC as a result of a group restructuring of China National Coal Group Corporation ("China Coal Group" or the "Parent Company") in preparing for the listing of the Company's shares on The Main Board of The Stock Exchange of Hong Kong Limited (the "Restructuring"). China Coal Group is a subordinate enterprise of State-owned Assets Supervision and Administration Commission established in China. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in mining and processing of coal, sales of coal and coal-chemical products, manufacture and sales of coal mining machinery and provision of finance services. The address of the Company's registered office is No.1 Huangsidajie, Chaoyang District, Beijing, the PRC.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 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, the consolidated statement of changes in equity and the 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 2022 Acquisition

On 14 January 2022, 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), acquired a 56% equity interest in Jingmin Industrial and Trading Company Limited ("Jing Min Company", 中煤京閩(福建)工貿有限公司) held by the Parent Company at a consideration of RMB135,677,000. The acquisition was referred to as the "2022 Acquisition".

As the Group and Jing Min Company were under common control of China Coal Group before and after the 2022 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 Jing Min Company was a subsidiary of the Company ever since it was under common control of China Coal Group.

Accordingly, the consolidated statement of financial position as at 31 December 2021 has been restated to include the assets and liabilities of Jing Min Company at carrying amounts in the books of the Group. The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows ended 31 December 2021 have been restated to include the results and cash flows of Jing Min Company as if Jing Min Company was a subsidiary of the Company since 1 January 2021. 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 2022 Acquisition (continued)

As a result of the 2022 Acquisition, the relevant line items in the consolidated statement of financial position as at 31 December 2021 have been restated. The following table shows the effect for each individual line item affected:

Consolidated statement of financial position at 31 December 2021

	The Group (as previously reported) *RMB'000*	**Effect of the 2022 Acquisition** *RMB'000*	**Consolidation Adjustment** *RMB'000*	**The Group (after Acquisition)** *RMB'000*
Property, plant and equipment	128,763,219	5,145	–	128,768,364
Intangible assets	1,924,774	142	–	1,924,916
Deferred income tax assets	2,373,505	3,143	–	2,376,648
Inventories	8,192,303	132,794	–	8,325,097
Trade receivables	7,545,912	320,934	(98,681)	7,768,165
Debt instruments at fair value through other comprehensive income	5,926,495	28,500	–	5,954,995
Prepayments and other receivables	8,732,859	41,791	(4)	8,774,646
Cash and cash equivalents	31,095,231	224,767	(224,614)	31,095,384
Trade and notes payables	27,198,784	163,611	(98,252)	27,264,143
Contract liabilities	5,176,923	195,864	–	5,372,787
Accruals, advances and other payables	29,829,409	78,205	(225,047)	29,682,567
Taxes payable	3,175,727	7,511	–	3,183,238
Short-term borrowings	581,547	72,608	–	654,155
Deferred revenue	2,341,650	8,905	–	2,350,555
Share capital	13,258,663	100,000	(100,000)	13,258,663
Reserves	49,195,789	54,147	1,853	49,251,789
Retained earnings	51,095,657	76,365	(3,278)	51,168,744
Non-controlling interests	28,613,862	–	101,425	28,715,287

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

3.2 2022 Acquisition (continued)

As a result of the 2022 Acquisition, the relevant line items in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2021, 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 2022 Acquisition *RMB'000*	Consolidation Adjustment *RMB'000*	The Group (after Acquisition) *RMB'000*
Consolidated statement of profit loss and other comprehensive income for the year ended 31 December 2021:				
Revenue	231,127,302	8,967,099	(739,567)	239,354,834
Materials used and goods traded	(146,279,711)	(8,873,738)	736,910	(154,416,539)
Staff costs	(7,167,475)	–	–	(7,167,475)
Depreciation and amortisation	(10,278,082)	–	–	(10,278,082)
Repairs and maintenance	(2,707,029)	–	–	(2,707,029)
Transportation costs and port expenses	(10,679,067)	–	–	(10,679,067)
Sales taxes and surcharges	(5,843,425)	(6,523)	–	(5,849,948)
Others	(10,254,942)	–	2,132	(10,252,810)
Selling expenses	(837,425)	(16,694)	2,656	(851,463)
General and administrative expenses	(5,649,293)	(7,169)	–	(5,656,462)
Other income	2,623	69	–	2,692
Impairment losses under expected credit loss model, net of reversal	(21,884)	(137)	–	(22,021)
Net of other gains and losses	(3,361,879)	(6,099)	2,131	(3,367,978)
Finance income	114,599	2,132	(2,132)	114,599
Finance costs	(4,068,509)	(3,059)	–	(4,071,568)
Income tax expense	(6,554,474)	(7,514)	–	(6,561,988)
Profit for the year	20,820,936	48,367	(1)	20,869,302
Total comprehensive income for the year	20,867,091	48,443	(1)	20,915,533
Consolidated statement of cash flows for the year ended 31 December 2021:				
Net cash generated from/(used in):				
Operating activities	48,106,335	(9,773)	–	48,096,562
Investing activities	(25,382,158)	(132)	–	(25,382,290)
Financing activities	(6,697,021)	9,965	–	(6,687,056)

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.The amendment did not have significant impact on the consolidated financial position and performance of the Group.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(c) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2022 as a result of the adoption of the amendments to IAS 16:

	The Group (after Acquisition) (Note 3.2) *RMB'000*	**Effect of Application of Amendments to IAS16** *RMB'000*	**The Group (Restated)** *RMB'000*
Property, plant and equipment	128,768,364	440,266	129,208,630
Total non-current assets	216,352,298	440,266	216,792,564
Inventories	8,325,097	(2,285)	8,322,812
Total current assets	105,410,641	(2,285)	105,408,356
TOTAL ASSETS	321,762,939	437,981	322,200,920
Retained earnings	51,168,744	430,278	51,599,022
Equity attributable to the equity holders of the Company	113,679,196	430,278	114,109,474
Non-controlling interests	28,715,287	7,703	28,722,990
Total equity	142,394,483	437,981	142,832,464
TOTAL EQUITY AND LIABILITIES	321,762,939	437,981	322,200,920

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Set out below are the amounts by which the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 was affected due to the application of Amendments to IAS 16:

	The Group (after Acquisition) (Note 3.2) *RMB'000*	Effect of Application of Amendments to IAS16 and others *RMB'000*	The Group (Restated) *RMB'000*
Revenue	239,354,834	473,605	239,828,439
Cost of sales	(201,350,950)	(68,596)	(201,419,546)
Gross profit	38,003,884	405,009	38,408,893
Selling expenses	(851,463)	32,972	(818,491)
Profit from operations	28,108,652	437,981	28,546,633
Profit before income tax	27,431,290	437,981	27,869,271
Profit for the year	20,869,302	437,981	21,307,283
Total comprehensive income for the year	20,915,485	437,981	21,353,466

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

As a result of the application of Amendments to IAS 16, the relevant line items in the Group's consolidated income statement and comprehensive income for the year ended 31 December 2022 which have been affected are shown below:

	Before the application of Amendments to IAS 16 *RMB'000*	Effect of application of Amendments to IAS 16 *RMB'000*	After the application of Amendments to IAS 16 *RMB'000*
Revenue	220,504,720	72,139	220,576,859
Cost of sales	(170,942,780)	(36,074)	(170,978,854)
Gross profit	49,561,940	36,065	49,598,005
Profit from operations	33,264,642	36,065	33,300,707
Profit before income tax	34,547,064	36,065	34,583,129
Profit for the year	27,046,862	36,065	27,082,927
Total comprehensive income for the year	27,768,756	36,065	27,804,821

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(d) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

5. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2022 Amendments")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[2] *(the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

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

2 Effective for annual periods beginning on or after 1 January 2024.

3 No mandatory effective date yet determined but available for adoption.

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.

5 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17.

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

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

Amendments to IFRS 10 and IAS 28 (2011) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The mandatory effective date for these amendments is not yet determined but early adoption is permitted. The Group is currently assessing the impact that the amendments will have on current practice.

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

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

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments as disclosed in Note 50, 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").

6. 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.

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

Business combinations

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

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

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

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

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

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

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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

Merger accounting for business combination involving entities under common control

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

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

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

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

Goodwill

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

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

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

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

Investments in associates and joint ventures

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

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

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

6. 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.

6. 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Existence of significant financing component

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

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

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

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

Principal versus agent

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

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

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

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

6. 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.

6. 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.

6. 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.

6. 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.

6. 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.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

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

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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

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

Mining rights

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

Deferred stripping costs

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

Provisions for close down, restoration and environmental costs

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

6. 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Inventories

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

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).

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

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

Contingent assets

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

Contingent liabilities

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

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

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

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

(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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(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.

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

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

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

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

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

6. 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

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e. g. a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

6. 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)

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 collateral held by the Group).

(iii) Credit-impaired financial assets

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

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

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

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

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

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

6. 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)

(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.

(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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

(v) Measurement and recognition of ECL (continued)

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.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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.

Financial liabilities and equity instruments

Classification as debt or equity

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

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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.

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

Key sources of estimation uncertainty

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

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

These non-current assets, including property, plant and equipment, mining rights, intangible assets, and land use rights, are carried at cost less accumulated depreciation/amortization 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 recognized 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.

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

Key sources of estimation uncertainty (continued)

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

As at 31 December 2022, the management of the Group identified property, plant and equipment, land use right and mining rights in coal business of long-term assets with an impairment indicator due to the impact of overlapping with water resources the decline in remaining coal mines reserves and the overrun of capital budgets. The management of the Group performed impairment tests, and the impairment loss of property, plant and equipment, land use right and mining rights are RMB508 million, RMB42 million, RMB6,689 million, respectively. 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 the current coal market price and the factors that may have impact on coal market analysis by management;

- 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 for coal mine in production and future operating plan for coal mine under construction;

- Pre-tax discount rate: weighted average cost of capital reflecting the specific risk to the CGU.

As at 31 December 2022, the Group implemented the construction of intelligent mines and eliminated idle equipment based on the policy from the government. The management of the Group identified impairment indicators of property, plant and equipment in coal business as idle assets. Impairment tests had been performed and an amount of RMB254 million impairment loss was recognised. The recoverable amount of the CGU is determined by the fair value minus disposal costs. Key assumptions adopted in the discounted cash flow model and their basis include:

- Future price: based on the current market price and analysis of factors that may have impact on coal market;

- Disposal costs: incremental costs directly attributable to asset disposal are determined based on the current status of assets and market factors;

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

Key sources of estimation uncertainty (continued)

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

As assessed by the Group's management, as at 31 December 2022, there were indicators of impairment of related property, plant and equipment in coal chemical plant, and indicators of impairment of plant and equipment, intangible assets and land use right in aluminum plate strip factories mainly due to the continued losses caused by the increase in raw material prices. Based on the impairment tests performed, impairment losses of property, plant and equipment, intangible assets, and land use right amounting to RMB1,187 million, RMB10 million and RMB17 million were recognized. 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 price and analysis of factors that may have impact on the 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 cost: based on records of historical costs and the estimated production costs in the budget;
- Pre-tax discount rate: weighted average cost of capital reflecting the specific risk to the CGU.

(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.

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

Key sources of estimation uncertainty (continued)

(c) Coal reserve estimates

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

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

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

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

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

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

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

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables is disclosed in Note 50.2.

(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 the carry forward of income tax loss. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of income tax assets and liabilities that could have a significant effect on earnings.

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

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

(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.

7. 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 2022, certain of the Group's financial assets, being unquoted equity instruments amounting to RMB3,405,340,000 (2021: RMB2,395,546,000), were 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 50.3 for further disclosures.

8. SEGMENT INFORMATION

8.1 General information

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

The Chief Operating Decision Maker ("CODM") has been identified as Management Office (經營層).

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

8. SEGMENT INFORMATION (CONTINUED)

8.1 General information (continued)

(b) Operating and reportable segments

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

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

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

8.2 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.

8. SEGMENT INFORMATION (CONTINUED)

8.2 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 2022								
	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	190,918,482	22,701,052	10,608,534	2,385,526	7,583,220	234,196,814	–	(13,619,955)	220,576,859
Inter-segment revenue	(10,080,631)	(836,762)	(1,193,437)	(491,760)	(1,017,365)	(13,619,955)	–	13,619,955	–
Revenue from external customers	180,837,851	21,864,290	9,415,097	1,893,766	6,565,855	220,576,859	–	–	220,576,859
Segment results									
Profit/(loss) from operations	30,685,890	1,251,372	689,633	1,268,293	(518,302)	33,376,886	(344,505)	268,326	33,300,707
Profit/(loss) before income tax	31,892,906	2,795,838	669,441	1,267,635	(577,607)	36,048,213	(1,534,130)	69,046	34,583,129
Interest income	278,074	65,498	31,351	–	61,935	436,858	723,072	(1,024,795)	135,135
Interest expense	(1,658,801)	(750,030)	(84,948)	–	(218,898)	(2,712,677)	(2,007,643)	863,388	(3,856,932)
Depreciation and amortisation	(6,472,392)	(3,225,418)	(449,590)	(1,538)	(423,978)	(10,572,916)	(18,547)	–	(10,591,463)
Share of profits of associates and joint ventures	2,641,984	2,229,363	34,995	–	454	4,906,796	103,633	–	5,010,429
Income tax expense	(6,712,435)	(260,687)	(87,018)	(313,335)	141,131	(7,232,344)	(287,951)	20,093	(7,500,202)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(669,777)	(702,878)	–	–	(575,961)	(1,948,616)	–	–	(1,948,616)
(Provision for)/reversal of impairment of other assets	(6,954,239)	(25,265)	(63,113)	(99,447)	18,618	(7,123,446)	(880)	87,203	(7,037,123)
Addition to non-current assets	6,843,743	3,556,574	198,119	4,837	32,755	10,636,028	11,448	–	10,647,476
Segment assets and liabilities									
Total assets	195,005,314	64,169,902	19,745,261	96,169,284	15,352,034	390,441,795	11,862,103	(62,687,580)	339,616,318
Including: interests in associates and joint ventures	10,271,089	14,738,242	596,740	–	282,827	25,888,898	3,859,406	–	29,748,304
Total liabilities	98,085,928	24,120,937	10,275,756	90,708,338	9,080,775	232,271,734	59,828,301	(117,262,882)	174,837,153

8. SEGMENT INFORMATION (CONTINUED)

8.2 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 2021 (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	211,094,186	21,851,066	10,372,623	1,691,036	8,403,044	253,411,955	–	(13,583,516)	239,828,439
Inter-segment revenue	(10,165,075)	(364,636)	(1,495,849)	(383,540)	(1,174,416)	(13,583,516)	–	13,583,516	–
Revenue from external customers	200,929,111	21,486,430	8,876,774	1,307,496	7,228,628	239,828,439	–	–	239,828,439
Segment results									
Profit/(loss) from operations	26,802,503	1,518,347	626,871	1,101,075	(1,136,537)	28,912,259	(265,006)	(100,620)	28,546,633
Profit/(loss) before income tax	26,334,086	2,889,766	493,834	1,100,412	(1,215,561)	29,602,537	(1,611,996)	(121,270)	27,869,271
Interest income	305,651	44,238	26,280	–	20,013	396,182	1,002,513	(1,284,096)	114,599
Interest expense	(1,922,626)	(819,999)	(75,007)	–	(218,556)	(3,036,188)	(2,424,438)	1,363,854	(4,096,772)
Depreciation and amortisation	(6,893,325)	(2,835,001)	(454,549)	(1,585)	(613,811)	(10,798,271)	(18,156)	–	(10,816,427)
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	(5,662,241)	(113,551)	(61,241)	(274,033)	(8,526)	(6,119,592)	(460,920)	18,524	(6,561,988)
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	(115,471)	(3,763)	(18,912)	32,823	671	(104,652)	574	(12,417)	(116,495)
Addition to non-current assets	7,938,277	3,953,127	198,532	126	67,611	12,157,673	(383,978)	–	11,773,695
Segment assets and liabilities									
Total assets	164,854,985	58,781,692	19,243,827	75,667,250	11,538,899	330,086,653	13,587,599	(21,473,332)	322,200,920
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	70,356,829	20,835,953	9,031,696	70,933,993	5,594,810	176,753,281	68,508,960	(65,893,785)	179,368,456

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

8. SEGMENT INFORMATION (CONTINUED)

8.3 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	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**218,536,929**	238,781,437
Overseas markets	**2,039,930**	1,047,002
	220,576,859	239,828,439

Analysis of non-current assets

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**209,645,626**	211,627,822
Overseas markets	**265**	580
	209,645,891	211,628,402

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

8.4 Major customers

No revenue from transaction with a single external customer accounted for to 10% or more of the Group's revenue for both 2022 and 2021.

9. REVENUE

	Year ended 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Goods and services	**218,406,144**	238,194,788
Rental income	**276,949**	326,155
Interest income	**1,893,766**	1,307,496
	220,576,859	239,828,439

(i) Disaggregation of revenue from contracts with customers

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

9. REVENUE (CONTINUED)

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

	Year ended 31 December 2021 (Restated)				
	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Others *RMB'000*	Total *RMB'000*
Sale of goods recognised					
Sale of coal	200,444,858	–	–	–	200,444,858
Sale of coal-chemical products	–	21,443,483	–	–	21,443,483
Sale of mining machinery	–	–	8,378,567	–	8,378,567
Sale of electric power	–	–	–	4,320,762	4,320,762
Sale of aluminium products	–	–	–	2,011,983	2,011,983
Others	23,989	17,764	268,280	527,112	837,145
	200,468,847	21,461,247	8,646,847	6,859,857	237,436,798
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	200,651,642	21,476,653	8,845,029	7,221,464	238,194,788
Analysed by geographical markets					
Domestic markets	200,102,702	21,411,739	8,411,881	7,221,464	237,147,786
Overseas markets	548,940	64,914	433,148	–	1,047,002
	200,651,642	21,476,653	8,845,029	7,221,464	238,194,788

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

	Year ended 31 December 2021 (Restated)			
	Segment revenue *RMB'000*	Eliminations *RMB'000*	Less: rental and interest income *RMB'000*	Consolidated *RMB'000*
Coal	211,094,186	(10,165,075)	(277,468)	200,651,643
Coal-chemical products	21,851,066	(364,636)	(9,778)	21,476,652
Mining machinery	10,372,623	(1,495,849)	(31,745)	8,845,029
Finance	1,691,036	(383,540)	(1,307,496)	–
Others	8,403,044	(1,174,416)	(7,164)	7,221,464
Total	253,411,955	(13,583,516)	(1,633,651)	238,194,788

(ii) Performance obligations for contracts with customers

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

The Group sells coal directly to the customers and revenue is recognised when the customers obtained control of goods transferred. The shipping types include both land and water transports. In the type of land transport, revenue is recognised when the coal is delivered to the customers whereas in the type of water transportation, revenue is recognised when the goods are shipped out.

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

9. REVENUE (CONTINUED)

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

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

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

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

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

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

10. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Impairment loss of:		
– mining rights, intangible assets, and land use rights	**(6,758,503)**	(94,272)
– Property, plant and equipment	**(1,948,616)**	(3,519,447)
– Prepayments	**4,618**	(202)
– Investments in associate	**(47,460)**	–
– impairment of other non-current asset	**(17,611)**	–
Gain or loss on disposal of:		
– Property, plant and equipment	**8,774**	(26,077)
– Investments in associates	**–**	(137)
– Investments in subsidiaries	**254,897**	–
– Investments in joint venture	**(2,662)**	–
– Land use rights	**–**	891
Government grants	**255,935**	202,613
Others	**(265,748)**	71,345
	(8,516,376)	(3,365,286)

Note: Others included in other gains and losses in the year of 2022 included refund of coal mining gains generated by certain projects before fully completed related formalities.

11. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Finance income:		
– Interest income on bank deposits	**106,739**	84,297
– Interest income on entrusted loans	**28,396**	30,302
Total finance income	**135,135**	114,599
Interest expense:		
– Borrowings	**2,833,864**	3,008,344
– Long-term bonds	**820,857**	1,198,310
– Unwinding of discount	**371,307**	298,284
– Lease liabilities	**22,578**	26,821
Other incidental bank charges	**7,720**	1,581
Net foreign exchange losses	**(1,510)**	(26,785)
Finance costs	**4,054,816**	4,506,555
Less: amounts capitalised on qualifying assets *(Note)*	**(191,674)**	(434,987)
Total finance costs	**3,863,142**	4,071,568
Finance costs, net	**3,728,007**	3,956,969

Note:

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

	Year ended 31 December	
	2022	2021
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**3.45%-4.89%**	4.18%-4.90%

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Impairment loss/(recognised) reversed on:		
– Trade receivables	**(205,437)**	(25,143)
– Other receivables	**1,245**	(13,215)
– Contract assets	**(1,707)**	(4,068)
– Loans to the Parent Company and fellow subsidiaries	**(6,514)**	19,511
– Debt instruments at FVTOCI	**(5,621)**	846
– Other	**(134)**	48
	(218,168)	(22,021)

Details of impairment assessment are set out in Note 50.2.

13. EXPENSES BY NATURE

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Depreciation *(Note (a))*	**9,524,085**	9,845,866
Amortisation *(Note (b))*	**1,067,378**	970,561
Materials used and goods traded	**120,252,690**	154,225,297
Transportation costs and port expenses	**10,766,014**	10,683,327
Sales tax and surcharges	**7,240,645**	5,906,252
Auditor's remuneration		
– Audit service	**10,958**	12,398
Repairs and maintenance	**2,941,152**	2,776,370
Lease expenses under recognition exemption	**111,421**	86,376
Employee benefit expense (including directors' emoluments) *(Note (c))*	**14,635,119**	11,121,163
Other expenses	**11,992,146**	12,266,889
Total cost of sales, selling expenses and general and administrative expenses	**178,541,608**	207,894,499

13. EXPENSES BY NATURE (CONTINUED)

Notes:

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Depreciation for the year		
– Property, plant and equipment *(Note 19)*	**9,496,872**	9,823,832
– Investment properties	**2,627**	4,354
– Right-of-use assets *(Note 20)*	**83,141**	78,998
Less: capitalised in inventories which remained unsold as at year end	**(6,298)**	(1,304)
Capitalised in construction in progress	**(52,257)**	(60,014)
Amount charged to profit or loss	**9,524, 085**	9,845,866
Charged to:		
Expenses		
– Cost of sales	**9,188,662**	9,477,127
– Selling expenses and general and administrative expenses	**335,423**	368,739
	9,524,085	9,845,866

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Amortisation for the year		
– Land use rights *(Note 23)*	**182,277**	160,271
– Mining rights *(Note 21)*	**667,409**	552,114
– Intangible assets *(Note 22)*	**149,590**	147,884
– Long-term deferred expenses included in other non-current assets	**71,191**	113,519
Less: Capitalised in construction in progress	**(3,089)**	(3,227)
Amount charged to profit or loss	**1,067,378**	970,561

13. 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	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Charged to:		
Cost of sales	**9,767,241**	7,341,261
Selling expenses and general and administrative expenses	**4,867,878**	3,779,902
	14,635,119	11,121,163

(d) The research and development costs recognised as expenses are RMB771,490,000 (2021: RMB665,662,000) during the year.

14. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Wages, salaries and allowances	**10,277,794**	7,836,978
Housing subsidies (Note (a))	**732,734**	632,510
Contributions to pension plans (Note (b))	**1,391,622**	1,139,438
Welfare and other expenses	**2,232,969**	1,512,237
	14,635,119	11,121,163

Notes:

(a) These mainly include the Group's contributions to government – sponsored housing funds in the PRC at rates ranging from 12% to 25% (2021: 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% (2021: 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 2022 in respect of the Group's defined contribution schemes to be used by the Group to reduce the existing level of contributions.

14. 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	
	2022	2021
	No. of employees	No. of employees
Directors	**2**	–
Non-director individuals	**3**	5
	5	5

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Basic salaries, housing subsidies, other allowances and benefits-in-kind	**1,550**	2,530
Contributions to pension plans	**369**	513
Discretionary bonuses	**2,583**	3,631
	4,502	6,674

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	
	2022	2021
	No. of employees	No. of employees
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**3**	5
	3	5

15. 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 2022 are set out below:

	2022						
	Emoluments paid or payable in respect of a person's service as a director or supervisor, whether of the Company or its subsidiary undertaking						
Name	**Fees** *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 director:							
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)*	–	415	661	43	38	124	1,281
Mr. WANG Wenzhang	–	420	493	43	38	126	1,120
Mr. ZHANG Shaoping	–	415	557	43	38	123	1,176
	–	1,250	1,711	129	114	373	3,577
	–	1,940	1,711	129	114	373	4,267

15. 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 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	Salary	Bonus	Housing allowance	Social benefits	Employer's contribution to benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman, executive director:							
Mr. WANG Shudong *(note i)*	–	–	–	–	–	–	–
Executive director:							
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 ChongShun	–	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

15. 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 the chairman and executive director in May 2021.

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

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 amount of the retirement benefits paid to all directors and supervisors during the year ended 31 December 2022 in respect of their services as directors and supervisors of the Group is RMB372,000 (2021: RMB290,000).

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 (2021: nil).

(c) Directors' and supervisors' termination benefits

During the years ended 31 December 2021 and 2022, no payment to the directors and supervisors as compensation for the early termination of the appointment was made by the Company.

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

(d) During the years ended 31 December 2021 and 2022, 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 (2021: nil).

During the years ended 31 December 2021 and 2022, and as at 31 December 2021 and 2022, 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 2021 and 2022, 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.

16. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax *(Note (a))*	**9,308,701**	6,842,719
Deferred income tax *(Note 39)*	**(1,808,499)**	(280,731)
	7,500,202	6,561,988

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 2022 and 2021 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. Sunfield Resources Pty Ltd, a subsidiary registered in Australia, tax is calculated based on the statutory income tax rate of 30%. China Japan Coal Ltd, a subsidiary registered in Japan, is calculated by 15.0% for the portion under 8 million yen and 23.2% for 8 million yen or more.

16. 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	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**34,583,129**	27,869,271
Tax calculated at statutory income tax rate of 25% (2021: 25%) in the PRC	**8,645,782**	6,967,318
Effect of preferential tax rates on income of certain subsidiaries	**(1,116,570)**	(790,708)
Adjustment of income tax of the previous period	**33,438**	(92,886)
Income not subject to taxation	**(761,591)**	(824,844)
Expenses not deductible for taxation purposes	**117,430**	105,798
Utilisation of previously unrecognised tax losses	**(678,593)**	(228,801)
Tax losses for which no deferred income tax asset has been recognised	**38,813**	446,200
Deductible temporary differences for which no deferred income tax as set has been recognised	**337,667**	634,917
Recognition of previously unrecognised deductible temporary differences	**4,079**	(9,780)
Additional expenses allowable for tax deduction	**(117,375)**	(129,084)
Taxable impact regarding transfer of investment in a associate from the Company to a subsidiary	**603,925**	–
Others	**393,197**	483,858
Income tax expense	**7,500,202**	6,561,988

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

	Year ended 31 December 2022			Year ended 31 December 2021		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax credit	After tax
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Fair value changes on equity instruments measured at FVTOCI	(965,408)	211,119	(754,289)	(90,566)	(2)	(90,568)
Fair value changes on debt instruments measured at FVTOCI	(30,947)	5,010	(25,937)	13,335	(3,691)	9,644
Impairment loss on debt instruments at FVTOCI included in profit or loss, net of reversal	(5,621)	–	(5,621)	817	–	817
Exchange differences arising on translation of foreign operations	(4,396)	–	(4,396)	33,924	–	33,924
Share of other comprehensive income of associates, net of related income tax	68,349	–	68,349	–	–	–
	(938,023)	216,129	(721,894)	(42,490)	(3,693)	(46,183)
Deferred income tax		216,129			(3,693)	

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Deferred tax	**216,129**	(3,693)

17. DIVIDENDS

During the year ended 31 December 2022, dividends for ordinary shareholders of the Company recognised as distribution are RMB3,984,572,400 being final divided for the year ended 31 December 2021 of RMB0.301 per share for 13,258,663,400 shares.

A total dividend of RMB5,472,160,500 for the year ended 31 December 2022 has been proposed by the directors of the Company and is subject to approval by the shareholders at the 2022 annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December 2022
	RMB'000
Proposed final dividend	**5,472,161**

18. 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	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to the equity holders of the Company (RMB'000)	**19,719,469**	15,172,278
Number of ordinary shares in issue (in thousands)	**13,258,663**	13,258,663
Basic earnings per share (RMB per share)	**1.49**	1.14

As the Company had no potential ordinary shares in issue for the years ended 31 December 2022 and 2021, diluted earnings per share equals to basic earnings per share.

19. PROPERTY, PLANT AND EQUIPMENT

	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)	34,474,116	29,582,787	44,717,226	3,161,042	1,177,319	20,898,410	134,010,900
Additions	(183,400)	1,455,754	1,409,573	24,763	190,191	7,147,521	10,044,402
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, mining rights and intangible assets	–	–	–	–	–	(1,400,018)	(1,400,018)
Reclassification	55,653	(708,485)	101,289	(49,764)	601,307	–	–
Disposals	(80,017)	–	(20,045)	–	(3,310)	(3)	(103,375)
Depreciation charges *(Note 13)*	(1,793,355)	(2,279,776)	(5,429,424)	(131,588)	(189,689)	–	(9,823,832)
Provision for impairment	(641,200)	(676,321)	(1,454,201)	–	(4,220)	(743,505)	(3,519,447)
Closing net book amount	33,404,187	27,397,030	43,585,378	3,432,126	1,792,836	19,597,073	129,208,630
At 31 December 2021							
Cost	48,358,656	42,221,922	93,669,873	4,645,456	4,466,350	20,526,362	213,888,619
Accumulated depreciation	(13,779,750)	(14,147,401)	(46,798,499)	(1,213,330)	(2,603,234)	–	(78,542,214)
Impairment provision	(1,174,719)	(677,491)	(3,285,996)	–	(70,280)	(929,289)	(6,137,775)
Net book amount	33,404,187	27,397,030	43,585,378	3,432,126	1,792,836	19,597,073	129,208,630

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB'000*	Mining structures *RMB'000*	Plant, machinery and equipment *RMB'000*	Railway structures *RMB'000*	Motor vehicles, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Year ended 31 December 2022							
Opening net book amount (restated)	**33,404,187**	**27,397,030**	**43,585,378**	**3,432,126**	**1,792,836**	**19,597,073**	**129,208,630**
Additions	**53,115**	**2,277,001**	**1,079,655**	**–**	**434,584**	**4,679,162**	**8,523,517**
Transfers upon completion of construction	**2,995,407**	**3,594,226**	**5,586,443**	**245,757**	**54,899**	**(12,476,732)**	**–**
Transfer from investment properties	**11,031**	**–**	**–**	**–**	**–**	**–**	**11,031**
Transfer to land use rights, mining rights and intangible assets	**–**	**–**	**–**	**–**	**–**	**(253,435)**	**(253,435)**
Disposals	**(3,462)**	**–**	**(126,858)**	**(4,236)**	**(10,155)**	**–**	**(144,711)**
Acquisition of subsidiaries	**342,637**	**237,011**	**134,427**	**144,656**	**58,356**	**(370,795)**	**546,292**
Reclassification	**(409,490)**	**–**	**7,189**	**400,689**	**1,612**	**–**	**–**
Depreciation charges *(Note 13)*	**(1,771,478)**	**(2,220,987)**	**(5,154,282)**	**(136,666)**	**(213,459)**	**–**	**(9,496,872)**
Provision for impairment	**(733,249)**	**(178,008)**	**(891,798)**	**–**	**(15,705)**	**(129,856)**	**(1,948,616)**
Closing net book amount	**33,888,698**	**31,106,273**	**44,220,154**	**4,082,326**	**2,102,968**	**11,045,417**	**126,445,836**
At 31 December 2022							
Cost	**51,327,000**	**48,325,243**	**98,404,647**	**5,443,599**	**4,872,865**	**12,104,563**	**220,477,917**
Accumulated depreciation	**(15,530,334)**	**(16,363,471)**	**(50,010,056)**	**(1,361,273)**	**(2,683,908)**	**–**	**(85,949,042)**
Impairment provision	**(1,907,968)**	**(855,499)**	**(4,174,437)**	**–**	**(85,989)**	**(1,059,146)**	**(8,083,039)**
Net book amount	**33,888,698**	**31,106,273**	**44,220,154**	**4,082,326**	**2,102,968**	**11,045,417**	**126,445,836**

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 basis utilising only recoverable coal reserves as the depletion base.

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2022, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB9,104,540,000 (2021: RMB9,400,849,000 (restated)), selling expenses and general and administrative expenses with an amount of RMB333,928,000 (2021: RMB366,964,000 (restated)), construction in progress with an amount of RMB52,106,000 (2021: RMB59,938,000), and cost of inventories which remained unsold as at year end with an amount of RMB6,298,000 (2021: RMB1,304,000), respectively.

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB1,130,725,000 (2021: RMB1,052,186,000).

As at 31 December 2022, the Group was in process of applying the ownership certificates of buildings with a net book amount of RMB3,667,382,000 (2021: RMB4,994,616,000).

As detailed in Note 7(a), during the year ended 31 December 2022, the management of the Group identified impairment indicators for certain property, plant and equipment in the coal business 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 a pre-tax discount rate of 11.86% to 17.00%. Impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, impairment losses amounted to RMB507,657,000 for property, plant and equipment, and impairment losses amounted to RMB42,508,000 for land use right, and impairment losses amounted to RMB6,688,955,000 for mining rights were recognised, respectively.

During the year ended 31 December 2022, management of the Group identified property, plant and equipment in certain coal businesses of the Group with an impairment indicator, and the estimated recoverable amount of the CGU was determined on a net basis after fair value less disposal costs. Management performed impairment assessment and made an impairment loss of RMB254,183,000 for property, plant and equipment in the relevant CGU, which belongs to the coal segment.

During the year ended 31 December 2022, management of the Group identified property, plant and equipment in coal-chemical business with an 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 a pre-tax discount rate of 11.52%, based on a budget approved by management. An impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, an impairment amounting to RMB702,878,000 for property, plant and equipment was recognised in other gains and losses, net.

During the year ended 31 December 2022, the management of the Group identified property, plant and equipment in other business of the Group with an 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 a pre-tax discount rate of 11.50% to 12.66%, based on a budget approved by management. Impairment was recognised as the recoverable amount of the CGU is lower than the carrying amount and, therefore, impairment losses amounting to RMB483,898,000 for property, plant and equipment, impairment losses amounting to RMB10 million for intangible asset, and impairment losses amounting to RMB17 million for land use right were recognised, which belong to the other business.

20. 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 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
Deductions	–	56	–	–	56
Depreciation charges *(Note 13)*	31,833	37,844	1,806	7,515	78,998
Expense relating to short-term leases					86,376
Total cash outflow for leases					173,597

	Land ***RMB'000***	**Buildings** ***RMB'000***	**Machinery** ***RMB'000***	**Motor vehicles and other equipment** ***RMB'000***	**Total** ***RMB'000***
As at 1 January 2022					
Carrying amount	**313,879**	**73,903**	**302**	**18,668**	**406,752**
As at 31 December 2022					
Carrying amount	**282,665**	**51,836**	**15,658**	**12,595**	**362,754**
For the year ended 31 December 2022					
Additions	**–**	**17,701**	**21,562**	**–**	**39,263**
Deductions	**–**	**120**	**–**	**–**	**120**
Depreciation charges *(Note 13)*	**31,214**	**39,648**	**6,206**	**6,073**	**83,141**
Expense relating to short-term leases					**111,421**
Total cash outflow for leases					**147,941**

For both years, the Group leases certain land, buildings, machinery and motor vehicles and other equipment for its operations. Lease contracts are entered into fixed terms of 3 years to 20 years, but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

21. MINING RIGHTS

	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)
Other adjustment on impairment provision	(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

	RMB'000
Year ended 31 December 2022	
Opening net book amount	**43,070,151**
Additions	**1,358,925**
Acquisition of a subsidiary	**2,497,235**
Transferred from property, plant and equipment	**50,251**
Disposals	**(134,338)**
Impairment provision	**(6,688,955)**
Amortisation charges	**(667,409)**
Other	**(940)**
Closing net book amount	**39,484,920**
At 31 December 2022	
Cost	**52,674,185**
Accumulated amortisation	**(6,241,748)**
Impairment provision	**(6,947,517)**
Net book amount	**39,484,920**

The amortisation charges were mainly recorded in cost of sales for the years ended 31 December 2022 and 2021.

During the year ended 31 December 2022, impairment losses of mining rights of Pingshuo Dongpo amounting to RMB36,981,000, impairment losses of mining rights of Shanghai Datun amounting to RMB39,665,000, impairment losses of mining rights of Tangshangou amounting to RMB326,858,000 and impairment losses of mining rights of Yinhe Hongtai amounting to RMB6,285,451,000 were recognised in other gains and losses, net (Note 10).

22. INTANGIBLE ASSETS

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2021 (Restated)			
Opening net book amount	1,150,822	446,106	1,596,928
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)	(63,287)	(147,884)
Closing net book amount	1,120,809	804,107	1,924,916
At 31 December 2021 (Restated)			
Cost	1,639,358	1,255,961	2,895,319
Impairment provision	–	(2,992)	(2,992)
Accumulated amortisation	(518,549)	(448,862)	(967,411)
Net book amount	1,120,809	804,107	1,924,916

22. INTANGIBLE ASSETS (CONTINUED)

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2022			
Opening net book amount	**1,120,809**	**804,107**	**1,924,916**
Additions	**17,026**	**91,697**	**108,723**
Acquisition of a subsidiary	**–**	**945**	**945**
Transferred from property, plant and equipment	**2,336**	**23,414**	**25,750**
Disposals	**–**	**(727)**	**(727)**
Impairment provision	**(10,294)**	**(23)**	**(10,317)**
Amortisation charges	**(86,516)**	**(63,074)**	**(149,590)**
Other	**(3,610)**	**(868)**	**(4,478)**
Closing net book amount	**1,039,751**	**855,471**	**1,895,222**
At 31 December 2022			
Cost	**1,655,110**	**1,370,422**	**3,025,532**
Impairment provision	**(10,294)**	**(3,015)**	**(13,309)**
Accumulated amortisation	**(605,065)**	**(511,936)**	**(1,117,001)**
Net book amount	**1,039,751**	**855,471**	**1,895,222**

The amortisation charges were mainly recorded in cost of sales, selling expenses and general and administrative expenses for the years ended 31 December 2022 and 2021.

Other intangible assets mainly include computer software.

During the year ended 31 December 2022, impairment losses of intangible assets of China Coal Yuanxing amounting to RMB10,317,000 were recognised in other gains and losses, net (Note 10).

23. LAND USE RIGHTS

	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

	RMB'000
Year ended 31 December 2022	
Opening net book amount	**6,385,064**
Additions	**379,898**
Acquisition of a subsidiary	**83,896**
Transferred from property, plant and equipment	**177,434**
Impairment provision	**(59,231)**
Disposals	**(246)**
Amortisation charges	**(182,277)**
Other	**3,464**
Closing net book amount	**6,788,002**
At 31 December 2022	
Cost	**8,489,638**
Accumulated amortisation	**(1,612,594)**
Impairment provision	**(89,042)**
Net book amount	**6,788,002**

23. LAND USE RIGHTS (CONTINUED)

Bank borrowings are secured by land use rights for the carrying value of RMB40,366,000 (2021: RMB71,264,000).

The Group's land use rights represent upfront payments for leasehold land located in the PRC with lease periods between 30 to 50 years.

The amortisation charges were recorded in cost of sales with an amount of RMB102,067,000 (2021: RMB80,009,000), selling expenses and general and administrative expense with an amount of RMB77,508,000 (2021: RMB78,039,000) and construction in progress with an amount of RMB2,702,000 (2021: RMB2,223,000).

As at 31 December 2022, the Group was in process of applying the ownership certificates of land use rights with net carrying amounts of RMB625,293,000 (2021: RMB558,507,000).

During the year ended 31 December 2022, impairment losses of land use rights of Pingshuo Dongpo amounting to RMB42,508,000 and impairment losses of land use rights of China Coal Yuanxing amounting to RMB16,723,000 were recognised in other gains and losses, net (Note 10).

24(a) SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2022. 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.

24(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 Group Co., Ltd (中煤平朔集團有限公司)	Shuozhou, the PRC	RMB 23,514,794,006	100%	100%	–	Coal mining and sale of coal in Shuozhou, the PRC	Limited liability company
China National Coal Mining Equipment Company Limited (中國煤礦機械裝備有限責任公司)	Beijing, the PRC	RMB 8,632,886,791	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 Energy Group Limited (中煤華晉集團有限公司)	Taiyuan, the PRC	RMB 10,000,000,000	51%	51%	49%	Coal mining and sale of coal in Hejin, the PRC	Limited liability company
China National Coal Development Company Limited (中國煤炭開發有限責任公司)	Beijing, the PRC	RMB 1,044,964,305	100%	100%	–	Trading of mining equipment in Beijing, the PRC	Limited liability company
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

24(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
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 mining and sale of coal in Yilan,the PRC	Limited liability company
China Coal Xinjiang Coal Electricity Chemical Company Limited (中煤能源新疆煤電化有限公司)	Jimsar County in Changji Prefecture, the PRC	RMB 800,000,000	60%	60%	40%	Coal chemical in Jimsar County in Changji Prefecture, the PRC	Limited liability company
China Coal Hami Coal Industry Company Limited (中煤能源哈密煤業有限公司)	Hami, the PRC	RMB 614,766,400	100%	100%	–	Coal mining and sale of coal in Hami, the PRC	Limited liability company
Wushenqi Mengda Mining Company Limited ("Mengda Mining") (烏審旗蒙大礦業有限責任公司)	Ordos, the PRC	RMB 854,000,000	66%	66%	34%	Coal mining and sale of coal in Ordos, the PRC	Limited liability company
Ordos Yihua Mining Resources Company Limited ("Yihua Mining") (鄂爾多斯市伊化礦業資源有限責任公司)	Ordos, the PRC	RMB 1,274,087,300	51%	51%	49%	Coal mining and sale of coal in Ordos, the PRC	Limited liability company
China Coal Shaanxi 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 12,189,660,000	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

24(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
China Coal Sales and Transportation Company Limited (中國煤炭銷售運輸有限責任公司)	Beijing, the PRC	RMB 5,328,537,012	100%	100%	–	Sale of coal products and other related products in Shanghai, Guangdong, Shandong, Qinhuangdao, the PRC	Limited liability company
Shanxi Zhongxin Tangshangou Coal Industry Company Limited (山西中新唐山溝煤業有限責任公司)	Datong, the PRC	RMB 16,350,000	80%	80%	20%	Coal mining and sale of coal in Datong, the PRC	Limited liability company
Shanxi Puxian China Coal Yushuo Mining Company Limited (山西蒲縣中煤禹碩礦業有限責任公司)	Linfen, the PRC	RMB 50,000,000	63%	63%	37%	Coal mine development in Linfen, the PRC	Limited liability company
China Coal Finance Co., Ltd ("China Coal Finance") (中煤財務有限責任公司)	Beijing,the PRC	RMB 3,000,000,000	91%	91%	9%	Provision of financing services in Beijing, the PRC	Limited liability company
Wushenqi Mengda Energy Environmental Protection Co., Ltd (烏審旗蒙大能源環保有限公司)	Ordos, the PRC	RMB 15,000,000	–	70%	30%	Waste disposal in Ordos, the PRC	Limited liability company
China Coal Northwest Energy Chemical Group Co., Ltd (中煤西北能源化工集團有限公司)	Ordos, the PRC	RMB 1,256,667,298	100%	100%	–	Coal mine development in Ordos, the PRC	Limited liability company
China Coal Chemicals (Tianjin) Company Limited (中煤化(天津)化工銷售有限公司)	Tianjin, the PRC	RMB 500,000,000	100%	100%	–	Manufacture and sale of coal chemical products in Tianjin, the PRC	Limited liability company

24(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests

The non-controlling interests are set out as below:

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Subsidiaries with material non-controlling interests		
Shanghai Datun	**4,667,626**	4,105,570
China Coal Huajin	**16,362,721**	12,857,662
Mengda Mining	**3,720,951**	2,728,860
Yihua Mining	**3,620,129**	2,861,182
Others	**5,893,953**	6,169,716
	34,265,380	28,722,990

There are no significant restrictions on the subsidiaries to transfer funds to the Company.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The summarised financial information below represents amounts before intragroup elimination.

24(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position

	Shanghai Datun	
	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000* (Restated)
Current assets	**4,932,934**	2,776,711
Non-current assets	**14,936,563**	15,483,348
	19,869,497	18,260,059
Current liabilities	**4,255,209**	4,032,401
Non-current liabilities	**3,076,443**	3,287,693
	7,331,652	7,320,094
Equity attributable to the equity holders of the Company	**7,870,219**	6,834,395
Non-controlling interests of Shanghai Datun	**4,686,901**	4,064,140
Non-controlling interests of Shanghai Datun's subsidiaries	**(19,275)**	41,430
Net assets	**12,537,845**	10,939,965

24(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	China Coal Huajin	
	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Current assets	**23,548,964**	15,028,993
Non-current assets	**15,682,724**	14,682,304
	39,231,688	29,711,297
Current liabilities	**6,754,757**	4,362,401
Non-current liabilities	**2,217,083**	1,816,528
	8,971,840	6,178,929
Equity attributable to the equity holders of the Company	**13,897,127**	10,674,706
Non-controlling interests of China Coal Huajin	**13,656,871**	10,560,819
Non-controlling interests of China Coal Huajin's subsidiaries	**2,705,850**	2,296,843
Net assets	**30,259,848**	23,532,368

24(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	Mengda Mining	
	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Current assets	**4,465,270**	2,103,268
Non-current assets	**13,746,763**	13,697,413
	18,212,033	15,800,681
Current liabilities	**2,463,471**	2,722,232
Non-current liabilities	**4,804,588**	5,052,388
	7,268,059	7,774,620
Equity attributable to the equity holders of the Company	**7,223,023**	5,297,201
Non-controlling interests of Mengda Mining	**3,720,951**	2,728,860
Net assets	**10,943,974**	8,026,061

	Yihua Mining	
	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Current assets	**3,297,711**	1,658,706
Non-current assets	**10,546,166**	10,661,079
	13,843,877	12,319,785
Current liabilities	**1,785,157**	1,341,359
Non-current liabilities	**4,670,702**	5,139,282
	6,455,859	6,480,641
Equity attributable to the equity holders of the Company	**3,767,889**	2,977,962
Non-controlling interests of Yihua Mining	**3,620,129**	2,861,182
Net assets	**7,388,018**	5,839,144

24(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 2022	Year ended 31 December 2021
	RMB'000	*RMB'000* (Restated)
Revenue	**12,633,854**	10,156,469
Profit before income tax	**2,378,762**	505,382
Income tax expense	**(626,114)**	(110,062)
Profit for the year	**1,752,648**	395,320
Other comprehensive (expense)/income for the year	**4,573**	(2,615)
Total comprehensive income for the year	**1,757,221**	392,705
Dividends paid to non-controlling interests of Shanghai Datun	**42,086**	75,484
Profit attributable to equity holders of the Company	**1,101,919**	222,866
Profit attributable to the non-controlling interests of Shanghai Datun	**663,128**	134,121
Profit attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(12,399)**	38,333
Other comprehensive (expense)/income attributable to the equity holders of the Company	**2,855**	(1,633)
Other comprehensive (expense)/income attributable to the non-controlling interests of Shanghai Datun	**1,718**	(982)
Other comprehensive expense attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(38)**	–
Total comprehensive income attributable to the equity holders of the Company	**1,104,774**	221,233
Total comprehensive income attributable to the non-controlling interests of Shanghai Datun	**664,847**	133,138
Total comprehensive income attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(12,437)**	38,333

24(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 2022	Year ended 31 December 2021
	RMB'000	*RMB'000*
Revenue	**18,580,203**	14,741,655
Profit before income tax	**12,232,467**	7,875,386
Income tax expense	**(3,136,382)**	(2,329,837)
Profit for the year	**9,096,085**	5,545,549
Other comprehensive income (expense) for the year	**2,322**	(5,189)
Total comprehensive income for the year	**9,098,407**	5,540,360
Dividends paid to non-controlling interests of China Coal Huajin	**499,996**	220,500
Profit attributable to equity holders of the Company	**3,741,856**	2,142,542
Profit attributable to the non-controlling interests of China Coal Huajin	**3,595,117**	2,058,521
Profit attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**1,759,112**	1,344,486
Other comprehensive income (expense) attributable to the equity holders of the Company	**969**	(1,664)
Other comprehensive income (expense) attributable to the non-controlling interests of China Coal Huajin	**931**	(1,599)
Other comprehensive expense attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**421**	(1,926)
Total comprehensive income attributable to the equity holders of the Company	**3,742,825**	2,140,878
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin	**3,596,048**	2,056,922
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**1,759,533**	1,342,560

24(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 2022	Year ended 31 December 2021
	RMB'000	*RMB'000*
Revenue	**7,693,549**	7,676,736
Profit before income tax	**3,478,242**	3,961,737
Income tax expense	**(559,714)**	(618,044)
Profit for the year	**2,918,528**	3,343,693
Other comprehensive expense for the year	**(615)**	(184)
Total comprehensive income for the year	**2,917,913**	3,343,509
Dividends paid to non-controlling interests of Mengda Mining	**–**	–
Profit attributable to equity holders of the Company	**1,926,228**	2,206,837
Profit attributable to the non-controlling interests of Mengda Mining	**992,300**	1,136,856
Other comprehensive expense attributable to the equity holders of the Company	**(406)**	(121)
Other comprehensive expense attributable to the non-controlling interests of Mengda Mining	**(209)**	(63)
Total comprehensive income attributable to the equity holders of the Company	**1,925,822**	2,206,716
Total comprehensive income attributable to the non-controlling interests of Mengda Mining	**992,091**	1,136,793

24(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 2022	Year ended 31 December 2021
	RMB'000	*RMB'000*
Revenue	**5,079,647**	3,822,219
Profit before income tax	**1,844,309**	1,222,482
Income tax expense	**(296,034)**	(189,601)
Profit for the year	**1,548,275**	1,032,881
Other comprehensive expense for the year	**598**	–
Total comprehensive income for the year	**1,548,873**	1,032,881
Dividends paid to non-controlling interests of Yihua Mining	**–**	–
Profit attributable to equity holders of the Company	**789,620**	526,769
Profit attributable to the non-controlling interests of Yihua Mining	**758,655**	506,112
Other comprehensive expense attributable to the equity holders of the Company	**305**	–
Other comprehensive expense attributable to the non-controlling interests of Yihua Mining	**293**	–
Total comprehensive income attributable to the equity holders of the Company	**789,925**	526,769
Total comprehensive income attributable to the non-controlling interests of Yihua Mining	**758,948**	506,112

24(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 2022	Year ended 31 December 2021	**Year ended 31 December 2022**	Year ended 31 December 2021	**Year ended 31 December 2022**	Year ended 31 December 2021	**Year ended 31 December 2022**	Year ended 31 December 2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Net cash inflow from operating activities	**3,911,124**	1,201,640	**8,553,947**	5,771,654	**3,260,966**	4,787,064	**2,610,966**	1,540,052
Net cash outflow from investing activities	**(715,027)**	(899,788)	**(1,075,408)**	(1,214,547)	**(526,131)**	(1,226,263)	**(91,317)**	(406,440)
Net cash (outflow)/inflow from financing activities	**(1,010,845)**	53,554	**(152,385)**	(1,505,008)	**(2,734,844)**	(3,560,822)	**(2,519,616)**	(1,133,654)
Net cash inflow/(outflow)	**2,185,252**	355,406	**7,326,154**	3,052,099	**(9)**	(21)	**33**	(42)

24(b) INTERESTS IN ASSOCIATES

	2022	2021
	RMB'000	*RMB'000*
Beginning of the year	**22,638,811**	20,653,583
Additions	**206,793**	200,000
Disposal	**(136,824)**	(6,000)
Share of profits	**3,307,269**	1,880,990
Dividends	**(766,922)**	(234,468)
Others	**(8,979)**	144,706
End of the year	**25,240,148**	22,638,811

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 2022, 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.

24(b) INTERESTS IN ASSOCIATES (CONTINUED)

Details of a material associate as at 31 December 2022 and 2021

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 (2021: 38.75)	Equity

Summarised financial information for a material associate

Set out below is the summarised financial information for the associate which is material to the Group using the equity method of accounting. The summarised financial information below represents amounts shown in the associate’s financial statements prepared in accordance with IFRSs.

Summarised statement of financial position

	Zhongtian Synergetic	
	As at 31 December 2022	As at 31 December 2021
	RMB’000	*RMB’000*
Current assets	**3,212,490**	3,532,054
Non-current assets	**51,033,512**	51,331,303
Current liabilities	**(3,811,427)**	(8,577,176)
Non-current liabilities	**(23,434,600)**	(22,216,117)
Net assets	**26,999,975**	24,070,064

24(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 2022	Year ended 31 December 2021
	RMB'000	*RMB'000*
Revenue	**17,550,956**	16,958,840
Profit before income tax	**5,349,052**	4,913,411
Profit for the year	**4,589,389**	4,180,945
Other comprehensive income	**–**	–
Total comprehensive income for the year	**4,589,389**	4,180,945
Dividends declared from the associate during the year	**631,975**	86,069

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	
	2022	2021
	RMB'000	*RMB'000*
Opening net assets at 1 January	**24,070,064**	20,107,257
Profit for the year	**4,589,389**	4,180,945
Dividends	**(1,630,903)**	(222,112)
Others	**(28,575)**	3,974
Closing net assets at 31 December	**26,999,975**	24,070,064
The Group's shares of net assets	**10,462,490**	9,327,150
Carrying value of interest in associate	**10,509,528**	9,327,339

24(b) INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	Year ended/as at 31 December 2022 *RMB'000*	Year ended/as at 31 December 2021 *RMB'000*
The Group's share of profit	**1,538,433**	259,334
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**1,538,433**	259,334
Aggregate carrying amount of the Group's interests in these associates	**14,730,620**	13,311,472

24(c) INTERESTS IN JOINT VENTURES

	2022 *RMB'000*	2021 *RMB'000*
Beginning of the year	**4,048,413**	3,210,569
Additions	**–**	12,069
disposal	**(6,628)**	–
Share of profit	**1,703,161**	1,398,617
Others	**(420)**	–
Dividends	**(1,236,370)**	(572,842)
End of the year	**4,508,156**	4,048,413

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 2022 and 2021:

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

24(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 IFRSs.

Summarised statement of financial position

	Hecaogou Coal		**Risun Energy**	
	As at 31 December 2022	As at 31 December 2021	**As at 31 December 2022**	As at 31 December 2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**1,644,326**	1,503,517	**161,621**	730,362
Other current assets	**729,073**	337,690	**1,762,639**	630,753
Total current assets	**2,373,399**	1,841,207	**1,924,260**	1,361,115
Financial liabilities (excluding trade payables)	**–**	–	**(170,000)**	(369,131)
Other current liabilities	**(765,722)**	(978,583)	**(726,081)**	(772,571)
Total current liabilities	**(765,722)**	(978,583)	**(896,081)**	(1,141,702)
Total non-current assets	**4,336,967**	4,318,896	**2,765,477**	3,029,825
Financial liabilities	**–**	(272,500)	**(570,000)**	–
Other liabilities	**(473,584)**	(487,894)	**(18,436)**	(21,392)
Total non-current liabilities	**(473,584)**	(760,394)	**(588,436)**	(21,392)
Net assets	**5,471,060**	4,421,126	**3,205,220**	3,227,846

24(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	
	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*	**As at 31 December 2022 *RMB'000***	As at 31 December 2021 *RMB'000*
Revenue	**5,205,868**	4,312,014	**8,145,094**	7,689,977
Profit before income tax	**3,307,535**	2,610,993	**779,669**	865,311
Profit for the year	**2,799,063**	2,202,766	**688,373**	750,762
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**2,799,063**	2,202,766	**688,373**	750,762
Dividends declared from the joint venture during the year	**900,000**	500,000	**335,870**	72,842

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	**2022 *RMB'000***	2021 *RMB'000*	**2022 *RMB'000***	2021 *RMB'000*
Opening net assets at 1 January	**4,421,126**	3,218,360	**3,227,846**	2,735,786
Profit for the year	**2,799,063**	2,202,766	**688,373**	750,762
Others	**50,871**	–	**35,381**	(96,833)
Dividends	**(1,800,000)**	(1,000,000)	**(746,380)**	(161,869)
Closing net assets at 31 December	**5,471,060**	4,421,126	**3,205,220**	3,227,846
The Group's share of net assets	**2,735,530**	2,210,563	**1,442,349**	1,452,531
Carrying value of interest in joint ventures	**2,707,768**	2,209,806	**1,472,422**	1,504,717

24(c) INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	Year ended/ as at 31 December 2022	Year ended/ as at 31 December 2021
	RMB'000	*RMB'000*
The Group's share of profit/(loss)	**1,205**	(7,967)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income/(expense)	**1,205**	(7,967)
Aggregate carrying amount of the Group's interests in these joint	**327,966**	333,890

25. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Listed securities:		
– equity securities listed in the PRC	**5,598**	22,288
Unlisted securities:		
– equity securities *(Note)*	**3,405,340**	2,395,546
Total	**3,410,938**	2,417,834

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.

26. LONG-TERM RECEIVABLES

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Finance lease receivables	**406,200**	369,680
Total	**406,200**	369,680

The long-term receivables are neither past due nor impaired as at 31 December 2022 and 2021. The carrying amounts of long-term receivables approximate their fair values.

27. OTHER NON-CURRENT ASSETS

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Loans to the Parent Company and fellow subsidiaries *(Note (a))*	**2,948,548**	1,915,142
Prepayments for mining rights *(Note (b))*	**1,015,000**	1,015,000
Prepayments for land use rights *(Note (b))*	**409,835**	429,040
Deductible value-added tax	**84,454**	128,266
Prepayments for construction in progress and equipment	**54,731**	29,759
Prepayments for long-term investments *(Note (c))*	**22,000**	22,000
Entrusted loans *(Note (d))*	**4,435**	4,435
Others	**306,677**	311,526
Total	**4,845,680**	3,855,168

Notes:

(a) The loans to the Parent Company and fellow subsidiaries are unsecured and repayable after 12 months from the end of reporting period bearing interest at rates ranging from 2.85% to 4.93% (2021: ranging from 3.59% to 5.02%) per annum.

Included in the carrying amount of the loans to the Parent Company and fellow subsidiaries as at 31 December 2022 are accumulated credit losses of RMB60,230,000 (31 December 2021: RMB38,825,000). Details of the impairment assessment are set out in Note 50.2.

(b) As the relevant legal procedures related to mining rights licenses and land use rights are still in process, such payments are recorded as other non-current assets. These prepayments will be transferred to mining rights and land use rights respectively upon completion of related legal procedures.

(c) As at 31 December 2022, the prepayments for long-term investments amounted to RMB22,000,000 arising from the acquisition agreement. As the legal procedures required for the completion of the transaction are still in process, such payments are recorded as prepayments for long-term investments.

(d) As at 31 December 2022 and 2021, 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.

28. INVENTORIES

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Coal	**1,291,898**	1,486,790
Machinery for sale	**4,654,220**	3,679,606
Coal – chemical products	**866,723**	855,584
Auxiliary materials, spare parts and tools	**2,537,185**	2,300,832
	9,350,026	8,322,812

The provisions for impairment of inventories of the Group amounted to RMB650,123,000 as at 31 December 2022 (31 December 2021: RMB661,111,000 (restated)).

29. TRADE RECEIVABLES AND NOTES RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Trade receivables *(Notes (a), (b) and (c))*	**8,239,265**	7,768,165
Notes receivables *(Notes (f))*	**508,118**	–
	8,747,383	7,768,165
Debt instruments at FVTOCI *(Notes (d) and (e))*	**5,881,285**	5,954,995

Notes:

(a) Trade receivables are analysed as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Trade receivables:		
– Associates	**239,872**	665,965
– Joint ventures	**36,241**	1,307
– Fellow subsidiaries	**802,779**	918,637
– Third parties	**7,160,373**	6,182,256
Trade receivables, net	**8,239,265**	7,768,165

29. TRADE RECEIVABLES AND NOTES RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Notes: (continued)

(a) Trade receivables are analysed as follows: (continued)

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

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000* (Restated)
Within 6 months	**6,330,707**	5,720,508
7 months – 1 year	**764,323**	980,783
1 – 2 years	**773,611**	558,198
2 – 3 years	**310,640**	293,350
Over 3 years	**819,141**	769,037
Trade receivables, gross	**8,998,422**	8,321,876
Less: Allowance for credit losses	**(759,157)**	(553,711)
Trade receivables, net	**8,239,265**	7,768,165

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

As at 31 December 2022, the Group obtained a long-term loan of RMB1,839,943,000 from the bank, with future electricity revenue contract rights as collateral, including trade receivables of RMB177,324,000 as collateral at 31 December 2022.

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

Details of the impairment assessment of trade receivables are set out in Note 50.2.

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

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000* (Restated)
RMB	**8,210,225**	7,654,035
US Dollar ("USD")	**29,040**	114,130
	8,239,265	7,768,165

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

(d) Debt instruments at FVTOCI are notes receivable which are considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivable are principally bank accepted notes with maturity of less than one year (31 December 2021: less than one year).

(e) As at 31 December 2022, notes receivable of RMB202,163,000 (2021: RMB236,199,000) are pledged to banks for issuing notes payable amounting to RMB162,163,000 (2021: RMB192,953,000).

29. TRADE RECEIVABLES AND NOTES RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Notes: (continued)

(f) Transfers of financial assets

As at 31 December 2022, notes receivables of RMB388,960,000(2021: RMB859,098,000) were endorsed to suppliers, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivable.

As at 31 December 2022, the Group endorsed and discounted notes receivable of RMB4,439,883,000(2021: RMB4,695,454,000) to suppliers and banks and such notes receivable were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivable 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 receivable, and accordingly derecognised the full carrying amounts of the notes receivable and associated accounts payable. The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivable 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 receivable are not significant.

30. CONTRACT ASSETS

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Coal mining machinery – current	**1,972,141**	1,662,944

The provision for impairment of contract assets of the Group amounted to RMB16,688,000 as at 31 December 2022 (2021: RMB14,981,000).

The contract assets primarily relate to the Group's right to consideration for mining machinery delivered but not billed because the rights are conditional mainly on expiration of guarantee period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables in 12 months.

31. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Advances to suppliers *(Note (a))*	**2,485,363**	2,342,682
Other prepayments	**10,909**	9,441
Interest receivables	**–**	669,296
Dividend receivables	**113,624**	236,831
Loans to the Parent Company and fellow subsidiaries *(Note (b))*	**1,025,197**	2,000,000
Value added tax related to contract assets	**167,158**	222,118
Deductible value added tax and others	**614,091**	1,015,357
Other amounts due from related parties, gross *(Note (c))*	**1,087,216**	810,052
Other amounts due from third parties, gross *(Note (d))*	**1,882,848**	1,941,351
Less: Allowance for credit losses (Note (e))	**(451,719)**	(472,482)
Prepayments and other receivables, net	**6,934,687**	8,774,646

Notes:

(a) Advances to suppliers are analysed as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Advances to suppliers		
– Associates	**464,934**	203,313
– Fellow subsidiaries	**38,663**	38,373
– Third parties	**1,981,766**	2,100,996
	2,485,363	2,342,682

Included in the carrying amount of advances to suppliers as at 31 December 2022 are accumulated impairment losses of RMB47,280,550 (31 December 2021: RMB51,826,770).

(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 2.95% to 4.93% (2021: ranging from 4.35% – 4.94%) per annum. Included in the carrying amount of loans to the Parent Company and fellow subsidiaries as at 31 December 2022 is accumulated credit losses of RMB15,348,318 (31 December 2021: RMB30,238,785) Details of impairment assessment are set out in Note 50.2.

31. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Amounts due from related parties, gross		
– Associates	**883,693**	650,757
– Joint ventures	**402**	400
– Fellow subsidiaries	**203,121**	158,895
Less: Allowance for credit losses	**(10,664)**	(10,365)
Amounts due from related parties, net	**1,076,552**	799,687

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 2022 are accumulated credit losses of RMB10,664,362 (31 December 2021: RMB10,365,000) Details of impairment assessment are set out in Note 50.2.

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

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Within 1 year	**661,705**	1,021,102
1 – 2 years	**453,124**	484,085
2 – 3 years	**379,783**	125,975
Over 3 years	**388,236**	310,189
Other amounts due from third parties, gross	**1,882,848**	1,941,351
Less: Allowance for credit losses	**(368,700)**	(370,332)
Other amounts due from third parties, net	**1,514,148**	1,571,019

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

Details of the impairment assessment of other receivables are set out in Note 50.2.

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

(g) There are no collateral for other receivables.

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

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
RMB	**2,589,776**	3,132,969
Others	**235**	391
	2,590,011	3,133,360

32. CASH AND BANK DEPOSITS

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Restricted bank deposits *(Note (a))*	**9,175,006**	6,150,730
Term deposits with initial terms of over three months *(Note (b))*	**51,852,476**	35,678,680
Cash and cash equivalents	**29,998,038**	31,095,384
– Cash on hand	**62**	146
– Deposits with banks and other financial institutions *(Note (b))*	**29,997,976**	31,095,238
	91,025,520	72,924,794

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. As at 31 December 2022, included in the restricted bank deposits,were mandatory reserve deposits amounting to RMB4,445,984,000 (31 December 2021: RMB3,268,227,000) set aside in the People's Bank of China.

(b) As at 31 December 2022, the interest rates on deposits ranged from 0.30% to 3.10% (31 December 2021: 0.30% to 3.20%) per annum.

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

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
RMB	**90,710,271**	72,703,568
USD	**302,122**	213,857
Others	**13,127**	7,369
	91,025,520	72,924,794

Cash and bank deposits are principally RMB-denominated deposits placed with banks in the PRC. The conversion of RMB-denominated deposits into foreign currencies and remittance out of the PRC is subject to certain PRC rules and regulations of foreign exchange control promulgated by the PRC government.

(d) The carrying amounts of bank deposits approximate their fair values.

33. TRADE AND NOTES PAYABLES

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Trade payables *(Note (a))*	**23,319,776**	24,273,261
Notes payables	**2,101,078**	2,990,882
	25,420,854	27,264,143

Notes:

(a) Trade payables are analysed as follows:

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Trade payables		
– Fellow subsidiaries	**4,370,584**	3,225,374
– Associates	**333,378**	219,295
– Third parties	**18,615,814**	20,828,592
	23,319,776	24,273,261

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 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Less than 1 year	**20,235,004**	20,763,524
1-2 years	**1,234,426**	1,493,262
2-3 years	**612,110**	565,699
Over 3 years	**1,238,236**	1,450,776
	23,319,776	24,273,261

33. 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 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
RMB	**25,418,300**	27,135,291
USD	**2,554**	128,852
	25,420,854	27,264,143

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

(d) As at 31 December 2022, notes receivable with an amount of RMB202,163,000 (31 December 2021: RMB236,199,000) are pledged to banks for issuing notes payable amounting to RMB162,163,000 (31 December 2021: RMB192,953,000) (Note 29 (e)).

34. CONTRACT LIABILITIES

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Coal	**4,681,711**	4,364,875
Coal – chemical products	**549,998**	455,079
Mining machinery	**929,679**	485,434
Other	**75,431**	67,399
	6,236,819	5,372,787

34. CONTRACT LIABILITIES (CONTINUED)

The following table shows how much of the revenue recognised relates to carried – forward contract liabilities:

	Coal	**Coal-chemical products**	**Mining machinery**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
For the year ended 31 December 2022				
Revenue recognised that was included in the contract liability balance at the beginning of the year	**4,134,254**	**482,415**	**410,297**	**5,026,966**

	Coal	Coal-chemical products	Mining machinery	Total
	RMB'000	*RMB'000*	*RMB'000*	*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

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

34. CONTRACT LIABILITIES (CONTINUED)

The closing balance as at 31 December 2022 is expected to be settled in the following years:

	31 December 2022
	RMB'000
2023	**6,131,512**
2024	**55,219**
On or for 2025	**50,088**
	6,236,819

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 9, the previously recognised contract liabilities are recognised as revenue.

For the mining machinery, the Group usually receives 30% of the contract amount in advance before delivery of the goods which is accounted for as contract liabilities. When the mining machinery is delivered to the customers, the previously recognised contract liabilities are recognised as revenue.

35. ACCRUALS, ADVANCES AND OTHER PAYABLES

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Payables for acquisition of subsidiaries *(Note (a))*	**602,866**	714,118
Payable for compensation for local mining companies	**43,116**	42,636
Dividends payable	**2,175,857**	584,624
Payables for site restoration	**137,645**	116,192
Water resource compensation payable	**247,470**	128,263
Salaries and staff welfare payable	**5,087,986**	2,877,933
Interest payable	**32,801**	779,085
Commission payable	**13,333**	13,333
Payables for mining rights	**181,569**	346,267
Payables for the transfer of mining rights *(Note 42)*	**179,476**	176,206
Advance from a non-controlling interest of a subsidiary	**89,419**	72,838
Contractors' deposits	**932,152**	224,687
Deposits from the Parent Company and fellow subsidiaries *(Note (b))*	**21,981,286**	18,339,919
Other amounts due to related parties *(Note (c))*	**668,948**	246,100
Other amounts due to third parties	**2,655,028**	2,017,585
Other tax payable	**2,256,977**	3,002,781
	37,285,929	29,682,567

Notes:

(a) As at 31 December 2022, 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% (2021: 0.35% to 3.15%) per annum.

35. ACCRUALS, ADVANCES AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

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

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Amounts due to related parties, gross		
– The Parent Company	**36,754**	57,006
– Fellow subsidiaries	**627,364**	184,960
– Associates	**4,871**	3,922
– Joint ventures	**(41)**	212
	668,948	246,100

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

(d) The carrying amounts of advance and other payables approximate their fair values.

(e) The carrying amounts of advances and other payables are denominated in the following currencies:

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
RMB	**37,285,927**	29,682,430
Others	**2**	137
	37,285,929	29,682,567

36. LEASE LIABILITIES

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Lease liabilities payable:		
Within one year	**73,291**	74,325
Within a period of more than one year but not exceeding two years	**20,662**	79,057
Within a period of more than two years but not exceeding five years	**135,208**	123,759
Within a period of more than five years	**216,590**	216,632
	445,751	493,773
Less: amount due for settlement with 12 months shown under current liabilities	**(73,291)**	(74,325)
Amount due for settlement after 12 months shown under non-current liabilities	**372,460**	419,448

37. BORROWINGS

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (e))*	**172,098**	96,000
– Guaranteed *(Note (d))*	**–**	47,000
– Unsecured	**109,292**	511,155
	281,390	654,155
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (e))*	**750,532**	667,402
– Guaranteed *(Note (d))*	**–**	163,650
– Pledged loan *(Note 29)*	**1,839,943**	–
– Unsecured	**66,435,975**	71,135,022
	69,026,450	71,966,074
Loans from non-controlling interests		
– Unsecured	**1,450,900**	54,858
Loans from the Parent Company		
– Unsecured	**748,065**	419,985
	71,225,415	72,440,917
Less: amount due within one year shown under current liabilities	**(30,891,551)**	(11,578,247)
Non-current portion	**40,333,864**	60,862,670
Total short-term and long-term borrowings	**71,506,805**	73,095,072

37. BORROWINGS(CONTINUED)

Notes:

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

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Bank loans and loans from other financial institutions		
– Within one year	**29,519,912**	11,523,389
– Between one and two years	**18,131,505**	30,615,508
– Between two and five years	**14,823,983**	21,057,218
– Over five years	**6,551,050**	8,769,959
	69,026,450	71,966,074
Loans from non-controlling interests and Parent Company		
– Within one year	**1,371,640**	54,858
– Between one and two years	**79,260**	–
– Between two and five years	**748,065**	419,985
– Over five years	**–**	–
	2,198,965	474,843

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

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Fixed-rate borrowings	**4,943,141**	5,255,155
Variable-rate borrowings	**66,563,664**	67,839,917
	71,506,805	73,095,072

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 2022	As at 31 December 2021
Fixed-rate borrowings	**2.50% to 4.65%**	2.86% to 6.09%
Variable-rate borrowings	**2.45% to 6.38%**	3.10% to 5.00%

(c) As at 31 December 2022 and 2021, all borrowings were denominated in RMB.

37. BORROWINGS (CONTINUED)

Notes: (continued)

(d) The guaranteed borrowings are as follows:

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Guaranteed by non-controlling shareholders of subsidiaries:		
– Guizhou Panjiang Investment Holdings Group Co.,Ltd.	–	40,000
– Shanxi Coking Coal	–	163,650
– Liaoning Electric Group Co., Ltd.	–	7,000
	–	210,650

(e) The secured borrowings are as follows:

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Secured by:		
– Property, plant and equipment	**869,630**	713,402
– Land use rights	**53,000**	50,000
	922,630	763,402

38. LONG-TERM BONDS

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Bonds payable:		
– medium-term notes	**9,966,534**	19,940,370
– corporate bonds	**4,560,498**	4,271,457
Commission payable	**25,334**	38,667
	14,552,366	24,250,494
Less: current portion of bonds payable	**1,561,811**	10,063,267
current portion of commission payable	**13,333**	13,333
Non-current portion	**12,977,222**	14,173,894

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.

38. 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 were fully paid on 18 June 2022 as they became due.

(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. 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. The bonds were fully paid on 7 June 2022 as they became due.

(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, and 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. As at 31 December 2022, the remaining balance from the unexercised rights of redemption was reclassified to current liabilities.

(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, and 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. As at 31 December 2022, the remaining balance from the unexercised rights of redemption was reclassified to current liabilities.

(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, and 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, the first instalment of RMB1,500,000 was paid on 13 April 2020 when the transaction was completed and the same amount is payable on 13 April in each of the following four years.

(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, the first instalment of RMB500,000 was paid on 13 April 2020 when the transaction was completed and the same amount is payable on 13 April in each of the following six years.

38. 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, the first instalment of RMB3,000,000 was paid on 25 July 2021,when the transaction was completed and the same amount is payable on 25 July in each of the following four years.

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Interest payable for long-term bonds	**362,150**	628,526

39. 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 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Deferred tax assets	**2,242,247**	2,376,648
Deferred tax liabilities	**(4,412,709)**	(5,597,260)
	(2,170,462)	(3,220,612)

39. DEFERRED INCOME TAX (CONTINUED)

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

	2022	2021
	RMB'000	*RMB'000*
Beginning of the year	**(3,220,612)**	(3,505,036)
Credited to profit or loss *(Note 16)*	**1,808,499**	280,731
Acquisition of subsidiaries	**(542,220)**	–
Credited to other comprehensive income *(Note 16)*	**(216,129)**	3,693
End of the year	**(2,170,462)**	(3,220,612)

Deferred income tax assets are recognised for the carryforward of tax losses and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred income tax assets in respect of certain subsidiaries' accumulated tax losses of RMB6,253,225,000 (2021:RMB8,703,899,000) and deductible temporary differences of RMB7,370,082,000 (2021: RMB5,220,574,000 (restated)) as at 31 December 2022. The accumulated tax losses will expire between 2023 and 2027 (2021: between 2022 and 2026). 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 2022	31 December 2021
	RMB'000	*RMB'000*
2022	**–**	559,865
2023	**236,147**	2,138,565
2024	**2,062,030**	2,664,716
2025	**1,712,142**	1,555,954
2026	**2,087,653**	1,784,799
2027	**155,253**	–
	6,253,225	8,703,899

39. 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*	Unrealised 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 2021	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 (Restated)	(7,113)	74,848	(484,037)	12,132	306,775	–	224,275	–	221,530	348,410
Charged to other comprehensive income	–	–	–	–	–	–	–	3,691	107	3,798
At 31 December 2021 (Restated)	71,213	818,325	486,990	131,735	665,316	156,820	516,194	11,659	513,045	3,371,297
(Charged)/credited to profit or loss	**918**	**43,343**	**(375,539)**	**6,338**	**218,397**	**(98,543)**	**302,735**	**–**	**35,079**	**132,728**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,010)**	**138**	**(4,872)**
At 31 December 2022	**72,131**	**861,668**	**111,451**	**138,073**	**883,713**	**58,277**	**818,929**	**6,649**	**548,262**	**3,499,153**

39. 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 acquisition of subsidiaries *RMB'000*	Fair value adjustments for equity instruments *RMB'000*	Total *RMB'000*
At 1 January 2021	(243,567)	(519,551)	(5,705,824)	–	(55,183)	(6,524,125)
(Charged)/credited to profit or loss (Restated)	(131,466)	13,563	50,224	–	–	(67,679)
Charged to other comprehensive income	–	–	–	–	(105)	(105)
At 31 December 2021	(375,033)	(505,988)	(5,655,600)	–	(55,288)	(6,591,909)
(Charged)/credited to profit or loss	**(29,600)**	**15,536**	**1,689,835**	**–**	**–**	**1,675,771**
Acquisition of subsidiaries	**–**	**–**	**–**	**(542,220)**	**–**	**(542,220)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**(211,257)**	**(211,257)**
At 31 December 2022	**(404,633)**	**(490,452)**	**(3,965,765)**	**(542,220)**	**(266,545)**	**(5,669,615)**

Note:

Pursuant to certain regulations of the PRC government, the Group is required to set aside amounts for the future development fund (Note 44 (b)), safety fund (Note 44 (c)), transformation and environmental restoration fund (Note 44 (d) (i)) and sustainable development fund (Note 44 (d) (ii)), collectively the "mining funds". Up to 30 April 2011, for those amounts that are deductible for tax purposes when they are set aside but are expensed when they are utilised for accounting purpose, a deferred tax liability is recorded for the temporary differences in respect of the excess of the amount of funds deducted for tax purposes.

According to a new PRC tax regulation effective from 1 May 2011, future development funds and safety funds are no longer tax deductible when they are set side but only tax deductible when they are utilised. As such, no additional deferred tax liability will be generated for these mining funds from 1 May 2011 onwards.

40. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	2022	2021
	RMB'000	*RMB'000*
Beginning of the year	**3,650,759**	3,268,945
Interest charge on unwinding of discounts	**160,452**	111,269
Provision	**1,559,551**	489,038
Payments	**(190,826)**	(218,493)
End of the year	**5,179,936**	3,650,759
Less: current portion	**(38,723)**	(66,874)
Non-current portion	**5,141,213**	3,583,885

41. DEFERRED REVENUE

Deferred revenue mainly consists of the government grants, which are recognised in profit or loss according to the depreciable periods of the related assets and the periods in which the related costs incurred or the grants are intended to compensate. Government grants of RMB49,371,000 (2021: RMB970,106,000) have been received in the current year.

42. OTHER LONG-TERM LIABILITIES

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Payables for mining rights *(Note (a))*	**1,162,409**	1,247,223
Payables for the transfer of mining rights *(Note (b))*	**2,587,695**	2,395,326
Payables for the acquisition of subsidiaries *(Note (c))*	**1,064,081**	1,119,035
Others	**39,499**	86,667
	4,853,684	4,848,251
Less: current portion of payables for mining rights	**(128,808)**	(121,192)
current portion of payables for the transfer of mining rights *(Note 35)*	**(179,476)**	(176,206)
current portion of payables for the acquisition of subsidiaries	**(286,216)**	(286,216)
	4,259,184	4,264,637

42. 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 35).

(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 35).

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 RMB46,750,000 that will be paid within one year is included in other payables (Note 35).

According to relevant laws and regulations and documents of the *Notice of Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights* (Cai Zong[2017] No.35), *Interim Measures for the Implementation of the Administration of Collection of Mining Right Transfer Income in Heilongjiang Province* (Hei Cai Gui Shen [2019] No.6), the subsidiary of the Company signed the mining right transfer contract with Heilongjiang Provincial Department of Natural Resources this year. The contract value of the mining right transfer income is RMB539,384,000 in total, which shall be paid annually within the validity period of the mining right and listed as a long-term payable. Among them, the total amount of RMB14,870,000 to be paid within one year is listed in other payables (Note 35).

(c) Payable for the acquisition of subsidiaries was arising from the acquisition of a subsidiary in 2020.

43. SHARE CAPITAL

	Number of shares *(thousands)*	**Share capital** *RMB'000*
At 1 January 2021, 31 December 2021 and 2022:		
Domestic shares ("A shares") of RMB1.00 each		
– held by China Coal Group	7,605,208	7,605,208
– held by other shareholders	1,546,792	1,546,792
H shares of RMB1.00 each		
– held by a wholly-owned subsidiary of China Coal Group	132,351	132,351
– held by other shareholders	3,974,312	3,974,312
	13,258,663	13,258,663

There is no movement in the Company's issued share capital during the years ended 31 December 2022 and 2021.

Notes:

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

(b) As at 31 December 2022 and 2021, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H Shares of the Company, representing approximately 1.00% of the Company's total share capital.

44. RESERVES AND RETAINED EARNINGS

	Capital reserve RMB'000	Statutory reserve funds RMB'000 (note a)	General reserve RMB'000	Future development fund RMB'000 (note b)	Safety fund RMB'000 (note c)	Other funds related to coal mining RMB'000 (note d)	Translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 31 December 2020 as previously reported	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
Acquisition of a subsidiary under common control in 2022 *(Note 3.2)*	56,000	–	–	–	–	–	–	(16)	46,002	101,986
At 1 January 2021 (Restated)	32,902,821	4,846,957	470,764	1,667,389	1,928,694	73,691	(55,946)	6,356,555	40,453,690	88,644,615
Profit for the year (restated)	–	–	–	–	–	–	–	–	15,172,278	15,172,278
Other comprehensive income, net of tax	–	–	–	–	–	–	(33,924)	84,541	–	50,617
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 3.1)*	(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 (Restated)	**31,685,801**	**5,518,104**	**582,543**	**2,286,884**	**2,844,039**	**72,510**	**(89,870)**	**6,351,778**	**51,599,022**	**100,850,811**
At 31 December 2021 as previously reported	**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**
Acquisition of a subsidiary under common control in 2022 *(Note 3.2)*	**56,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**73,087**	**129,087**
Application of Amendments of IAS 16 *(Note 4)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**430,278**	**430,278**
At 1 January 2022 (Restated)	**31,685,801**	**5,518,104**	**582,543**	**2,286,884**	**2,844,039**	**72,510**	**(89,870)**	**6,351,778**	**51,599,022**	**100,850,811**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,719,469**	**19,719,469**
Other comprehensive income, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**4,396**	**709,250**	**–**	**713,646**
Appropriations	**–**	**610,507**	**518,422**	**696,112**	**573,693**	**(6,338)**	**–**	**–**	**(2,392,396)**	**–**
Share of other changes of reserves of associates and joint ventures	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**340,310**	**(230,042)**	**110,268**
Acquisition of a subsidiary under common control in 2022 *(Note 3.2)*	**(135,677)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(135,677)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,000,797)**	**(4,000,797)**
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,379)**	**8,534**	**(2,845)**
Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**276**	**(29)**	**247**
At 31 December 2022	**31,550,124**	**6,128,611**	**1,100,965**	**2,982,996**	**3,417,732**	**66,172**	**(85,474)**	**7,390,235**	**64,703,761**	**117,255,122**

44. 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 RMB50 per ton of raw coal mined. The subsidiaries of the Company which are engaged in coal-chemical, machinery manufacturing, electricity metallurgy and other relevant business are required to set aside an amount of certain percentage of revenue to a safety fund. The safety fund can be used for safety facilities and environment improvement, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount should be transferred from safety fund to retained earnings.

(d) Other funds relevant to coal mining

(i) Transformation and environmental restoration fund

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

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

(ii) Sustainable development fund

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

45. BUSINESS COMBINATION

a. On 30 November 2022 (Acquisition Date I), a wholly-owned subsidiary of the Company, China Coal Northwest Energy Chemical Group Co., Ltd (“Northwest Energy”, 中煤西北能源化工集團有限公司), acquired 100% equity interest in Ordos Jintong Mining Co., Ltd (“Jintong”), and Ordos Shentong Coal Co., Ltd (“Shentong”) held by Guoyuan Times Coal Asset Management Co., Ltd, a associate of the Parent Company, at a cash consideration of RMB83,469,000 and RMB23,467,000 respectively (Acquisition I). Jintong and Shentong are engaged in the coal mining and selling. Acquisition I was made as part of the Group’s strategy to integrate market.

The fair values of the identifiable assets and liabilities of Jintong as at Acquisition Date I were as follows:

	Notes	**Fair value recognised on acquisition** *RMB’000*
Non-current assets		
Property, plant and equipment	*19*	42,944
Mining rights	*21*	863,393
Intangible assets	*22*	695
Current assets		
Cash and bank balances		2,694
Trade receivables		1,332
Debt instruments at fair value through other comprehensive income		2,000
Prepayments and other receivables		63,395
Inventories		8,195
Current liabilities		
Trade payables		(94,755)
Contract liabilities		(937)
Accruals and other payables		(219,852)
Taxes payables		(59,057)
Non-current liabilities		
Provision		(111,403)
Provision for close down, restoration and environmental costs		(7,520)
Deferred tax liabilities		(201,355)
Other long-term liabilities		(206,300)
Total identifiable net assets at fair value		83,469
Satisfied by cash		83,469

45. BUSINESS COMBINATION (CONTINUED)

a. (continued)

An analysis of the cash flows in respect of the Acquisition I of Jintong is as follows:

	RMB'000
Cash consideration	(83,469)
Cash and bank balances acquired	2,694
Net outflow of cash and cash equivalents included in cash flows from investing activities	(80,775)

The fair values of the identifiable assets and liabilities of Shentong as at Acquisition Date I were as follows:

	Notes	**Fair value recognised on acquisition** *RMB'000*
Non-current assets		
Property, plant and equipment	*19*	58,730
Mining rights	*21*	362,253
Intangible assets	*22*	250
Current assets		
Cash and bank balances		12
Prepayments and other receivables		10,019
Inventories		2,650
Current liabilities		
Trade payables		(70,109)
Contract liabilities		(76)
Accruals and other payables		(98,764)
Taxes payables		(4,216)
Non-current liabilities		
Provision		(22,480)
Provision for close down, restoration and environmental costs		(4,450)
Deferred tax liabilities		(88,572)
Other long-term liabilities		(121,780)
Total identifiable net assets at fair value		23,467
Satisfied by cash		23,467

45. BUSINESS COMBINATION (CONTINUED)

a. (continued)

An analysis of the cash flows in respect of the Acquisition I of Shentong is as follows:

	RMB'000
Cash consideration	(23,467)
Cash and bank balances acquired	12
Net outflow of cash and cash equivalents included in cash flows from investing activities	(23,455)

b. On 30 November 2022 (Acquisition Date II), a wholly-owned subsidiary of the Company, China Coal Pingshuo Group Co., Ltd, ("China Coal Pingshuo", 中煤平朔集團有限公司), acquired 100% equity interest in Shanxi Shuozhou Pinglu Maohua Xialiyuan Coal Co., Ltd ("Xialiyuan") held by Guoyuan Times Coal Asset Management Co., Ltd, an associate of the Parent Company, at a cash consideration of RMB8,298,000 (Acquisition II). Xialiyuan is engaged in the coal mining and selling. Acquisition II was made as part of the Group's strategy to integrate the market.

The fair values of the identifiable assets and liabilities of Xialiyuan as at Acquisition Date II were as follows:

	Notes	**Fair value recognised on acquisition** *RMB'000*
Non-current assets		
Property, plant and equipment	*19*	573,336
Mining rights	*21*	1,271,589
Current assets		
Cash and bank balances		1,811
Prepayments and other receivables		33,168
Inventories		25,462
Current liabilities		
Trade payables		(133,486)
Contract liabilities		(83,497)
Accruals and other payables		(1,362,984)
Taxes payables		(7,023)
Non-current liabilities		
Provision		(4,500)
Provision for close down, restoration and environmental costs		(64,590)
Deferred tax liabilities		(240,988)
Total identifiable net assets at fair value		8,298
Satisfied by cash		8,298

45. BUSINESS COMBINATION (CONTINUED)

b. (continued)

An analysis of the cash flows in respect of Acquisition II is as follows:

	RMB'000
Cash consideration	(8,298)
Cash and bank balances acquired	1,811
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,487)

c. On 30 December 2022 (Acquisition Date III), a wholly-owned subsidiary of the Company, China Coal Sales and Transportation Co., Ltd, acquired a 72% equity interest in Zhangjiakou China Railway Guodian United Logistics Co., Ltd ("Zhangjiakou logistics") held by Guoyuan Times Coal Asset Management Co., Ltd, an associate of the Parent Company, at a cash consideration of RMB19,659,000 (Acquisition III). Zhangjiakou logistics is engaged in coal business, freight forwarding and warehousing service, rail transportation agency service. Acquisition III was made as part of the Group's strategy to integrate the market.

45. BUSINESS COMBINATION (CONTINUED)

c. (continued)

The fair values of the identifiable assets and liabilities of Zhangjiakou logistics as at Acquisition Date III were as follows:

	Notes	**Fair value recognised on acquisition** *RMB'000*
Non-current assets		
Property, plant and equipment	*19*	282,333
Land use rights	*23*	83,896
Other non-current assets		2,986
Current assets		
Cash and bank balances		1,175
Prepayments and other receivables		10,474
Inventories		417
Current liabilities		
Trade payables		(11,433)
Contract liabilities		(6,338)
Accruals and other payables		(154,056)
Taxes payables		(80)
Current portion of long-term borrowings		(34,000)
Non-current liabilities		
Long-term borrowings		(130,772)
Deferred revenue		(5,489)
Deferred tax liabilities		(11,809)
Total identifiable net assets at fair value		27,304
Non-controlling interests		7,645
Satisfied by cash		19,659

An analysis of the cash flows in respect of Acquisition III is as follows:

	RMB'000
Cash consideration	(19,659)
Cash and bank balances acquired	1,175
Net outflow of cash and cash equivalents included in cash flows from investing activities	(18,484)

45. BUSINESS COMBINATION (CONTINUED)

d. On 31 October 2022 (Acquisition Date IV), a wholly-owned subsidiary, China Coal Pingshuo, completed the combination of Shuozhou Fumin Water Supply Investment and Construction Co., Ltd (Fumin Water), at a Nil cash consideration (Acquisition IV).

The fair values of the identifiable assets and liabilities of Fumin Water as at the Acquisition Date were as follows:

	Notes	**Fair value recognised on acquisition** *RMB'000*
Investments in associates		163,160
Cash and bank balances		29
Total identifiable net assets at fair value		163,189

The non-controlling interests in Acquired Entities recognized at the acquisition date were measured by reference to the proportionate share of recognized amounts of net assets of the Acquired Entities and amounts to RMB66,142,000.

An analysis of the cash flows in respect of the Acquisition IV is as follows:

	RMB'000
Cash consideration	–
Cash and bank balances acquired	29
Net inflow of cash and cash equivalents included in cash flows from investing activities	29

Since the acquisitions, Jintong, Shentong, Xialiyuan, Zhangjiakou logistics and Fumin Water contributed RMB16,573,000, RMB970,000, RMB23,540,000, Nil, and Nil respectively to the Group's revenue and RMB12,318,000, RMB2,418,000, RMB30,987,000, Nil and RMB(580,000) respectively to the consolidated loss/(profit) for the year ended 31 December 2022.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB220,754,135,000 and RMB26,753,997,000, respectively.

46. DISPOSAL OF SUBSIDIARIES

(a) On 8 November 2022, Shanghai Datun, a subsidiary of 62.4% of the group's shares, and Shanxi Xinlei Energy Group Co., Ltd (a third party). entered into the Equity Transfer Agreement, pursuant to which Shanghai Datun agreed to dispose of 70% equity interest in Shanxi Yangquan Yuquan Coal Industry Co., Ltd. to Shanxi Xinlei Energy Group Co., Ltd. at a consideration of RMB364,492,000 (Disposal I).

The Disposal I was completed on 8 November 2022 and a gain of RMB251,407,000 was recognised by the Group upon the completion of the Disposal I.

	2022
	RMB'000
Property, plant and equipment	**395,381**
Mining rights	**134,338**
Prepayments and other receivables	**6,653**
Trade payables	**(111,821)**
Contract liabilities	**(48)**
Accruals and other payables	**(238,867)**
Tax payable	**(3)**
Current portion of long-term borrowings	**(22,000)**
Other Long term liabilities	**(2,280)**
Non-controlling interests	**(48,268)**
	113,085
Gain on disposal of a subsidiary	**251,407**
Satisfied by:	
Cash	**364,492**

An analysis of the net inflow of cash and cash equivalents in respect of Disposal I is as follows:

	2022
	RMB'000
Cash consideration	**364,492**
Cash and bank balances disposed of a subsidiary	**–**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**364,492**

46. DISPOSAL OF A SUBSIDIARY (CONTINUED)

(b) On 15 March 2022, a wholly-owned subsidiary, China coal Energy Heilongjiang Coal Chemical Co., Ltd ("Heimeihua" 中煤能源黑龍江煤化工有限公司), and Harbin Longjianda Investment Co., Ltd. (a third party) entered into the Equity Transfer Agreement, pursuant to which Heimeihua agreed to dispose of 51% equity interest in Heilongjiang middling coal Gas Co., Ltd. to Harbin Longjianda Investment Co., Ltd. at a consideration of RMB8,510,000 (Disposal II).

The Disposal II was completed on 15 March 2022 and a gain of RMB3,490,000 was recognised by the Group upon the completion of the Disposal.

	2022
	RMB'000
Property, plant and equipment	**15,670**
Other non-current assets	**8,781**
Prepayments and other receivables	**1,159**
Cash and bank balances	**965**
Trade payables	**(12,119)**
Contract liabilities	**1,765**
Accruals and other payables	**(5,354)**
Non-controlling interests	**(5,847)**
	5,020
Gain on disposal of a subsidiary	**3,490**
Satisfied by:	
Cash	**8,510**

An analysis of the net inflow of cash and cash equivalents in respect of the Disposal II of a subsidiary is as follows:

	2022
	RMB'000
Cash consideration	**8,510**
Cash and bank balances disposed of a subsidiary	**(965)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**7,545**

46. DISPOSAL OF A SUBSIDIARY (CONTINUED)

(b) (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2022
	RMB'000
Cash consideration	**373,002**
Cash and bank balances disposed of a subsidiary	**(965)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**372,037**

47. 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 into 25 December, 2008 for the transfer of mining rights in Mudu Chaideng Coal Mine to Yihua Mining, (2) the contract entered into on 25 December 2008 for the transfer of mining rights in No. 2 Coal Mine in Nalinhe Mine Area to Mengda Mining; and (3) the contract entered on 26 July, 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.

On 22 December, 2022, the Higher People's Court of The Inner Mongolia Autonomous Region revoked the No. 299 (2020) NeiMinchu Civil Judgment of the Ordos Intermediate People's Court and remanded the judgement to the Ordos Intermediate People's Court for retrial. 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.

48. CASH GENERATED

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

	2022 RMB'000	2021 RMB'000 (restated)
Profit before income tax	**34,583,129**	27,869,271
Adjustments for:		
Depreciation charge	**9,524,085**	9,845,866
Amortisation charge	**1,067,378**	970,561
Provision for impairment of property, plant and Equipment	**1,948,616**	3,519,447
(Reversal of)/provision for impairment of prepayments	**(4,618)**	202
Provision for impairment of other non-current assets	**17,611**	–
Provision for impairment of inventories	**31,885**	344,531
Provision for impairment of mining rights	**6,758,503**	90,103
Provision for impairment of land use rights	**–**	4,169
Provision for impairment of investments in associates	**47,460**	–
Impairment loss, net of reversal		
– Receivables	**204,192**	38,358
– Loans to the Parent Company and fellow subsidiaries	**6,514**	(19,511)
– Contract assets	**1,707**	4,068
– Debt instruments at FVTOCI	**5,621**	(846)
– Other	**134**	(48)
Net losses on disposals of property, plant and equipment, land use rights and intangible assets	**4,758**	25,186
Share of profits of associates and joint ventures	**(5,010,429)**	(3,279,607)
Net foreign exchange losses	**(1,510)**	(26,317)
(Gain)/Loss on disposal of subsidiaries and investments in associates and a joint venture	**(252,235)**	137
Interest income on term deposits with initial terms of over three months and loans to joint ventures and associates	**(110,329)**	(83,383)
Interest expense	**3,806,473**	3,990,509
Dividend income	**(2,742)**	(2,623)
Operating cash flows before movement in working capital	**52,626,203**	43,290,073
Changes in working capital:		
Increase in inventories	**(1,028,216)**	(1,740,010)
Increase in trade receivables and debt instruments at FVTOCI	**(1,469,480)**	(4,621,137)
Decrease/(increase) in contract assets	**227,792**	(184,253)
Decrease/(increase) in prepayments and other receivables	**41,967**	(1,370,557)
Increase in restricted bank deposits	**(3,024,276)**	(1,554,690)
(Decrease)/increase in trade and notes payables	**(753,401)**	2,573,485
Increase in contract liabilities	**761,459**	1,648,447
Increase in accruals, advances and other payables	**5,608,593**	14,434,009
Cash generated from operations	**52,990,641**	52,475,367

48. CASH GENERATED (CONTINUED)

48.2 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 37)	*(Note 38)*	*(Note a)*	*(Note 36)*	
At 1 January 2021(Restated)	71,714,264	27,011,323	1,690,096	446,281	100,861,964
Proceeds from bonds and borrowings	22,098,459	2,997,000	–	–	25,095,459
Repayment of bonds and borrowings	(20,717,651)	(5,800,000)	–	–	(26,517,651)
Dividend and interest paid	–	–	(7,254,193)	–	(7,254,193)
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(Restated)	73,095,072	24,237,161	1,374,172	493,773	99,200,178
Proceeds from bonds and borrowings	**12,420,113**	**–**	**–**	**–**	**12,420,113**
Repayment of bonds and borrowings	**(14,698,148)**	**(10,063,267)**	**(1,931,409)**	**–**	**(26,692,824)**
Acquisition of subsidiaries	**492,852**	**–**	**157,611**	**–**	**650,463**
Disposal of subsidiaries	**(22,000)**	**–**	**–**	**–**	**(22,000)**
Dividend and interest paid	**–**	**–**	**(8,254,536)**	**–**	**(8,254,536)**
Bonds commission fee paid	**–**	**–**	**(13,333)**	**–**	**(13,333)**
Finance costs	**–**	**16,320**	**3,611,713**	**22,578**	**3,650,611**
Dividend declared	**–**	**–**	**5,960,517**	**–**	**5,960,517**
Repayments of leases liabilities	**–**	**–**	**–**	**(94,818)**	**(94,818)**
Addition of lease liabilities	**–**	**–**	**–**	**24,218**	**24,218**
Transfer	**218,916**	**348,819**	**(567,735)**	**–**	**–**
Others	**–**	**–**	**(8,975)**	**–**	**(8,975)**
At 31 December 2022	**71,506,805**	**14,539,033**	**328,025**	**445,751**	**86,819,614**

48. CASH GENERATED (CONTINUED)

48.2 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 2022 and 2021 include:

The Group endorsed bank acceptance notes amounting to RMB334,080,000 (2021: RMB145,719,000) to settle the payables for the purchase of property, plant and equipment during the year.

49. 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 2022 Face value *RMB'000*	As at 31 December 2021 Face value *RMB'000*
Bank loans of:			
– Related parties *(Note 53)*	2035	**1,248,639**	7,504,455
– Third parties	2045	**334,000**	316,000
Total		**1,582,639**	7,820,455

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 nil and nil, respectively, as at 31 December 2022 (31 December 2021: RMB11.3 billion and RMB811 million, respectively).

50. FINANCIAL RISK MANAGEMENT

50.1 Categories of financial instruments

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Finance Assets		
Equity instruments at FVTOCI	**3,410,938**	2,417,834
Debt instruments at FVTOCI	**5,881,285**	5,954,995
Financial assets at amortised cost		
– Trade, Notes and other receivables excluding prepayments	**11,337,394**	10,901,525
– Loans to the Parent Company and fellow subsidiaries	**3,958,397**	3,884,903
– Restricted bank deposits and term deposits over three months	**61,027,482**	41,829,410
– Cash and cash equivalents	**29,998,038**	31,095,384
– Entrusted loans	**4,435**	4,435
Total	**115,617,969**	96,088,486

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Finance Liabilities		
Financial liabilities at amortised cost		
– Borrowings	**71,506,805**	73,095,072
– Bonds	**14,552,366**	24,237,161
– Trade and other payables	**54,587,703**	50,877,904
– Other long-term liabilities	**3,750,104**	3,100,118
Total	**144,396,978**	151,310,255

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Financial risk management objectives and policies

Financial risk factors

The Group's activities expose itself to a variety of financial risks including market risk (consisting of foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

The Group's operations (such as export sales, imports of machinery and equipment, foreign currency deposits (Note 32 (c)), trade receivables (Note 29 (b)) and trade and notes payables (Note 33 (b)) expose itself to currency risk arising from various currency exposures primarily with respect to the USD.

The Group currently has not used any derivative instruments to hedge exchange rate of USD. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. If USD had appreciated/depreciated by 10% against RMB, the Group's post-tax profit for 2022 would have increased/decreased by RMB21,772,000 (2021: RMB16,329,000), 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 (2021: 50 basis points) higher/lower with all other variables held constant, post-tax profit for 2022 would have been lower/higher by RMB302,338,000 (2021: RMB228,253,000) after consideration of capitalisation of interest expenses.

(iii) Other price risk

The Group is exposed to equity price risk due to its investments in equity securities measured at FVTOCI. In addition, the Group also invested in certain unquoted equity securities for long-term strategic purposes which had been designed as at FVTOCI.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment

As at 31 December 2022, 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 49. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed every year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Loans to the Parent Company and fellow subsidiaries/financial guarantee contacts

The Group provided loans to the Parent Company and fellow subsidiaries and provided financial guarantee mainly to related parties. The Group monitors the financial performance of the borrowers on a regular basis to manage the credit risk of the Group.

Debt instruments at FVTOCI

Debt instruments at FVTOCI are bank and commercial acceptance notes which are received from customers of the Group. The Group classifies them as debt instruments at FVTOCI because they are held within a business model whose objective is achieved by both selling and collecting contractual cash flows and the contractual cash flows of these financial assets are solely payments of principal and interest on the principal amount outstanding. The Group reviews the issuer's credit rating, and receives the acceptance notes from issuers with good credit rating.

Bank balances, bank deposits and term deposits

The credit risks on bank balances, bank deposits and term deposits are limited because the counterparties are banks with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the gross amounts of the Group's financial assets, contract assets, finance lease receivables and financial guarantee contracts, which are subject to ECL assessment:

As at 31 December 2022:

	12m ECL *RMB'000*	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
Financial assets				
Debt instruments at FVTOCI	**5,909,427**	**–**	**–**	**5,909,427**
Financial assets at amortised cost				
– Trade and Notes receivables *(Note ii)*	**508,118**	**8,815,280**	**183,142**	**9,506,540**
– Other receivables	**999,860**	**1,665,889**	**313,220**	**2,978,969**
– Loans to the Parent Company and fellow subsidiaries	**4,028,686**	**–**	**–**	**4,028,686**
– Restricted bank deposits and term deposits over three months	**61,027,482**	**–**	**–**	**61,027,482**
– Cash and cash equivalents	**29,998,038**	**–**	**–**	**29,998,038**
– Entrusted Loans	**4,439**	**–**	**–**	**4,439**
Other items subject to ECL				
Contract assets *(Note ii)*	**N/A**	**1,988,829**	**–**	**1,988,829**
Finance lease receivables *(Note ii)*	**N/A**	**406,200**	**–**	**406,200**
Financial guarantee contracts *(Note i)*	**1,582,639**	**–**	**–**	**1,582,639**

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

As at 31 December 2021 (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	5,926,495	–	–	5,926,495
Financial assets at amortised cost				
– Trade receivables *(Note ii)*	N/A	8,291,954	30,022	8,321,976
– Other receivables	1,516,448	1,688,657	318,664	3,523,769
– 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	31,095,384	–	–	31,095,384
– 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

Notes:

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

(ii) For trade receivables included in trade and notes receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 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 2021 (Restated)	176,822	394,525	571,347
– Impairment losses recognised	12,860	27,034	39,894
– Impairment losses reversed	(10,410)	(400)	(10,810)
– Write – offs	–	(31,731)	(31,731)
– Transfer	(8)	–	(8)
As at 31 December 2021	179,264	389,428	568,692
– Impairment losses recognised	**83,244**	**145,693**	**228,937**
– Impairment losses reversed	**(21,153)**	**(640)**	**(21,793)**
– other	**(18)**	**27**	**9**
As at 31 December 2022	**241,337**	**534,508**	**775,845**

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.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The following tables show reconciliation of loss allowances that has been recognised for long-term receivables, entrusted loans, loans to the Parent Company and fellow subsidiaries, amounts due from related parties/third parties and the remaining financial assets included in other receivables:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021 (Restated)	151,878	10,116	397,819	559,813
– 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	132,071	16,377	310,977	459,425
– Impairment losses recognised	**7,089**	**36**	**2,256**	**9,381**
– Impairment losses reversed	**(2,585)**	**(1,515)**	**(12)**	**(4,112)**
– Write-offs	**(4)**	**–**	**–**	**(4)**
As at 31 December 2022	**136,571**	**14,898**	**313,221**	**464,690**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of borrowing facilities. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents, and further supplements this by keeping committed credit lines available.

The Group's primary cash requirements have been for purchases of materials, machinery and equipment and payment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations, bank loans, bonds and the net proceeds from share issue.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents (Note 32)) on the basis of expected cash flows.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the undiscounted cash outflows relating to the Group's financial liabilities and lease liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022							
Borrowings	**3.53%**	**32,324,770**	**19,585,199**	**15,930,635**	**6,801,155**	**74,641,759**	**71,178,725**
Bonds	**3.97%**	**1,776,813**	**5,518,033**	**8,300,200**	**–**	**15,595,046**	**14,552,366**
Trade and other payables	**N/A**	**57,024,256**	**–**	**–**	**–**	**57,024,256**	**54,915,783**
Other long-term liabilities	**N/A**	**–**	**315,861**	**897,374**	**4,420,693**	**5,633,928**	**3,750,104**
Lease liabilities	**N/A**	**68,171**	**206,681**	**190,805**	**200,117**	**665,774**	**445,751**
Financial guarantees	**N/A**	**1,582,639**	**–**	**–**	**–**	**1,582,639**	
Total		**92,776,649**	**25,625,774**	**25,319,014**	**11,421,965**	**155,143,402**	**144,842,729**
At 31 December 2021 (Restated)							
Borrowings	3.98%	15,368,293	33,024,433	23,306,740	9,971,739	81,671,205	73,095,072
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	50,877,904	–	–	–	50,877,904	50,877,904
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	19,935,758	–	–	–	19,935,758	–
Total		97,402,830	35,378,912	37,742,358	14,947,004	185,471,104	151,804,028

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 49.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 Fair value estimation

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique (s) and inputs used).

Financial assets	**31 December 2022** *RMB'000*	31 December 2021 *RMB'000*	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Listed equity instruments at FVTOCI	**5,598**	22,288	Level 1	Quoted bid prices in an active market
2) Debt instruments at FVTOCI	**5,881,285**	5,954,995	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period
3) Unlisted equity instruments at FVTOCI	**3,405,340**	2,395,546	Level 3	Income or market approach, where more appropriate. Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. Market approach – valuations are derived by reference to observable valuation measures for comparable companies, and adjusted for the differences between the investments and the referenced comparable.

50. FINANCIAL RISK MANAGEMENT (CONTINUED)

50.3 Fair value estimation (continued)

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

Unlisted equity instruments at FVTOCI

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000* (Restated)
Beginning of the year	**2,395,546**	2,257,031
Additions	**42,666**	50,530
Fair value change recognised in other comprehensive income	**967,128**	87,985
End of the year	**3,405,340**	2,395,546

Included in other comprehensive income is a gain of RMB967,128,000 (2021: gain of RMB87,985,000) 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 2022		As at 31 December 2021	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Long-term borrowings (Level 2)	**40,333,864**	**40,305,256**	60,862,670	60,930,529
Long-term bonds (including amounts due within one year) (Level 1)	**14,176,881**	**14,247,942**	24,237,161	25,256,456

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.

51. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries less cash and cash equivalents.

The gearing ratios at 31 December 2022 and 2021 were as follows:

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000* (Restated)
Total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries	**108,027,124**	115,672,152
Less: cash and cash equivalents	**(29,998,038)**	(31,095,231)
Net debt	**78,029,086**	84,576,921
Total equity	**164,779,165**	142,832,464
Total capital	**242,808,251**	227,409,385
Gearing ratio	**32%**	37%

52. 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 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
Property, plant and equipment	**4,603,830**	4,656,720
Mining rights	**235,000**	235,000
Technical know-how	**9,391**	31,686
	4,848,221	4,923,406

(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 2022 and is committed to a further investment of 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 2022 and is committed to a further investment of RMB33 million in the future.

According to the agreement entered into in June 2021, China Coal Pingshuo Group Co., Ltd ("Pingshuo Group"), a subsidiary of the Company, invested RMB1 billion as a limited partner to subscribe for the fund shares of Shuozhou Huashuo Jinshi Energy Industry Transformation Master Fund Partnership (limited partnership) ("Partnership"). Pingshuo Group has invested RMB200 million in Partnership as at 31 December 2022 and is committed to investing the remaining subscribed capital of RMB800 million during the investment period of the Partnership.

53. 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 2022 and 2021.

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries

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

	Year ended 31 December	
	2022	2021
	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	**3,966,470**	3,572,928
Charges for social and support services provided by the Parent Company and fellow subsidiaries	**74,110**	49,149
Sale of production materials, machinery and equipment to the Parent Company and fellow subsidiaries	**3,358,889**	3,501,652
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	**828**	2,879
Mine Construction, Design and General Contracting Service *(Note (ii))*:		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	**2,824,231**	3,178,581
Leasing *(Notes (iii) and (vii))*:		
Rental fees relating to property leasing paid to the Parent Company and fellow subsidiaries	**62,580**	59,310
Coal Supplies *(Note (iv))*:		
Coal purchased from the Parent Company and fellow subsidiaries	**8,566,921**	6,231,703

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Financial Services ***(Note (v))*****:**		
Loans provided to the Parent Company and fellow subsidiaries	**2,423,370**	1,229,500
Loans repayment received from the Parent Company and fellow subsidiaries	**2,343,029**	2,742,403
Deposits received from the Parent Company and fellow subsidiaries	**3,663,329**	10,875,205
Interest paid or payable to the Parent Company and fellow subsidiaries	**264,183**	143,623
Interest received or receivable from the Parent Company and fellow subsidiaries	**136,247**	245,908
Charges for providing entrusted loans	**811**	838
Interest paid or payable arising from entrusted loans entrusted by the Parent Company	**19,175**	19,523
Fee paid for use of trademark to the Parent Company ***(Note (vi))***	**RMB1**	RMB1

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Transactions with associates of the Group:		
Sales and services provided:		
Sales of machinery and equipment	**232,101**	421,999
Sales of materials and spare parts	**38,192**	73,074
Railway rental income	**178,529**	210,936
Income from providing labour services	**8,016**	7,066
Sales of coal	**3,389,346**	3,653,347
Sales of providing production materials and auxiliary services	**308,829**	189,413
Purchases of goods and services:		
Purchases of coal	**4,097,409**	3,949,255
Purchases of materials and spare parts	**1,585,081**	1,969,376
Transportation services purchased	**1,676,116**	2,533,909
Receiving social services, railway custody service, construction and technical services	**134,227**	244,912
Transactions with Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries		
Income from providing production materials and auxiliary services	**1,428**	48
Purchases of coal	**9,003,771**	7,562,068
Deposits decreased by Guoyuan Group	**(78,019)**	(89,703)
Interest paid to the Company	**1,706**	2,826
Financial services:		
Interest income	**28,596**	30,302
Transactions with a substantial shareholder of a significant subsidiary		
Sales and services provided *(Note (viii))*		
Sale of coal	**1,207,455**	854,438
Purchases of goods and services *(Note (viii))*:		
Purchases of coal	**–**	83,266

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Transactions with the primary shareholders with significant influence over subsidiaries:		
Sale and services provided:		
Sale of coal	**55,833**	53,605

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Commitments to the Parent Company and fellow subsidiaries:		
With the Parent Company and fellow subsidiaries		
– Purchases of services	**2,844,918**	3,862,641
– Purchases of goods	**316,085**	226,093
Total	**3,161,003**	4,088,734

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Loan guarantees to associates and joint ventures of the Group:		
– Associates	**1,248,639**	7,415,705
– A joint venture	**–**	88,750
Total	**1,248,639**	7,504,455

53. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

(a) Transactions with the Parent Company, fellow subsidiaries, associates and joint ventures of the Group, primary shareholders with significant influence over subsidiaries and Guoyuan Times Coal Asset Management Co., Ltd, and its subsidiaries (continued)

Notes:

(i) The Company and China Coal Group entered into an Integrated Materials and Services Mutual Provision Framework Agreement on 5 September 2006, under which the Company provides to China Coal Group and China Coal Group provides to the Company production material supplies and ancillary services, and the Company also provides to China Coal Group export-related services. The agreement was renewed to extend the term to 31 December 2023.

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

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

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

(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 purchase the coal and coal related products and accepts services from Shanxi Coking Coal and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal related products and accept services from the Group. 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.

53. 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 2021 and 2022, majority of the following Group's activities are conducted with other government-related entities:

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

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

- Lease of assets; and
- Retirement benefit plan.

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

53. 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	
	2022	2021
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**3,894**	2,714
– Other key management	**2,845**	3,144
	6,739	5,858
Pension costs – defined contribution plans		
– Directors and supervisors	**372**	291
– Other key management	**324**	363
	696	654
	7,435	6,512

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

Statement of financial position of the Company

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**30,530**	35,553
Intangible assets	**79,054**	77,396
Investments in subsidiaries	**93,629,808**	86,140,832
Investments in associates	**6,612,839**	14,377,652
Investments in joint ventures	**213,709**	213,433
Equity instruments at FVTOCI	**3,034,284**	2,066,604
Deferred income tax assets	**125,577**	627,608
Loans to subsidiaries	**4,536,409**	6,305,234
Other non-current assets	**715,652**	720,261
	108,977,862	110,564,573
Current assets		
Inventories	**845,800**	1,129,372
Trade receivables	**206,185**	373,640
Prepayments and other receivables	**16,938**	145,273
Amounts due from subsidiaries	**8,598,517**	10,649,168
Term deposits with initial terms of over three months	**1,676,044**	2,150,000
Cash and cash equivalents	**22,046,821**	23,442,758
	33,390,305	37,890,211
TOTAL ASSETS	**142,368,167**	148,454,784
EQUITY		
Share capital	**13,258,663**	13,258,663
Reserves	**46,027,432**	44,731,675
Retained earnings	**23,756,125**	22,024,560
Total equity	**83,042,220**	80,014,898

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

Statement of financial position of the Company(continued)

	As at 31 December 2022 *RMB'000*	As at 31 December 2021 *RMB'000*
LIABILITIES		
Non-current liabilities		
Long-term borrowings	**15,010,652**	28,432,818
Long-term bonds	**12,977,222**	14,173,894
	27,987,874	42,606,712
Current liabilities		
Trade and notes payables	**876,151**	1,000,052
Contract liabilities	**6,885**	6,885
Accruals, advances and other payables	**10,277,310**	11,165,910
Taxes payable	**11,912**	7,393
Current portion of long-term borrowings	**18,604,004**	3,589,667
Current portion of long-term bonds	**1,561,811**	10,063,267
	31,338,073	25,833,174
Total liabilities	**59,325,947**	68,439,886
TOTAL EQUITY AND LIABILITIES	**142,368,167**	148,454,784

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

Reserve movement of the Company

	Capital reserve	Statutory reserve funds	Other reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	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
Profit and total comprehensive income for the year	**–**	**–**	**685,250**	**6,332,929**	**7,018,179**
Appropriations	**–**	**610,507**	**–**	**(610,507)**	**–**
Dividends	**–**	**–**	**–**	**(3,990,857)**	**(3,990,857)**
Others	**–**	**–**	**–**	**–**	**–**
At 31 December 2022	**38,713,240**	**6,079,046**	**1,235,146**	**23,756,125**	**69,783,557**

55. EVENTS AFTER THE END OF THE REPORTING PERIOD

The group had no material event subsequent to the end of reporting period and up to date of this report.

Financial Summary for Recent Five Years

Unit: RMB1 thousand

	2018 Annual Report (Restated)	2019 Annual Report (Restated)	2020 Annual Report (Restated)	2021 Annual Report (Restated)	**2022 Annual Report**
Revenue and Profit					
Revenue	104,140,084	129,334,707	140,964,681	239,828,439	**220,576,859**
Profit before income tax	9,925,298	13,024,481	11,686,224	27,869,271	**34,583,129**
Income tax expense	2,534,776	3,500,818	3,363,448	6,561,988	**7,500,202**
Profit for the year	7,390,522	9,523,663	8,322,776	21,307,283	**27,082,927**
Attributed to					
Equity holders of the Company	4,406,148	6,199,338	5,353,650	15,172,278	**19,719,469**
Non-controlling interests	2,984,374	3,324,325	2,969,126	6,135,005	**7,363,458**
Dividends	1,030,373	1,687,931	1,771,250	3,984,572	**5,472,161**
Basic earnings per share attributable to the equity holders of the Company (RMB per share)	0.33	0.47	0.40	1.14	**1.49**
Assets and Liabilities					
Non-current assets	209,296,426	217,443,719	220,571,500	216,792,564	**215,705,276**
Current assets	54,976,390	55,107,152	62,260,463	105,408,356	**123,911,042**
Current liabilities	68,848,301	83,697,464	69,265,942	87,939,603	**104,998,190**
Net current (liabilities)/assets	(13,871,911)	(28,590,312)	(7,005,479)	17,468,753	**18,912,852**
Total assets less current liabilities	195,424,515	188,853,407	213,566,021	234,261,317	**234,618,128**
Non-current liabilities	84,924,529	71,575,881	88,758,612	91,428,853	**69,838,963**
Net assets	110,499,986	117,277,526	124,807,409	142,832,464	**164,779,165**
Equity attributable to the equity holders of the Company	91,951,172	97,047,962	101,801,292	114,109,474	**130,513,785**
Non-controlling interests	18,548,814	20,229,564	23,006,117	28,722,990	**34,265,380**

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	China Securities Journal, Securities Daily
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	China Coal Energy	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	Ernst & Young Hua Ming LLP
Office address of the domestic accounting firm of the Company	Room 01-12, 17/F, EYHM Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing
International accounting firm of the Company	Ernst & Young *(Registered Public Interest Entity Auditors)*
Office address of the international accounting firm of the Company	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact address	25th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong

SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

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

Definitions

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

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Director(s)	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisor(s)	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
Pingshuo Group	China Coal Pingshuo Group Company Limited
China Coal Huajin Company	China Coal Huajin Energy Group Limited
Resources Development Company	China Coal Resources Development Group Company Limited, formerly known as China Coal Import and Export Company
Huayu Company	China Coal Group Shanxi Huayu Energy Company Limited, formerly known as China Coal Group Shanxi Jinhaiyang Energy Company Limited
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical (Group) Co., Ltd.
Mengda Mining	Wushenqi Mengda Mining Company Limited
Finance Company	China Coal Finance Co., Ltd.
Northwest Energy Company	China Coal Northwest Energy Chemical Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Zhongtian Hechuang Company	Zhongtian Hechuang Energy Co., Ltd.
Equipment Company	China National Coal Mining Equipment Company Limited
Beijing Coal Mining Machinery Company	China Coal Beijing Coal Mining Machinery Company Limited
Zhangjiakou Coal Mining Machinery Company	China Coal Zhangjiakou Coal Mining Machinery Co., Ltd.

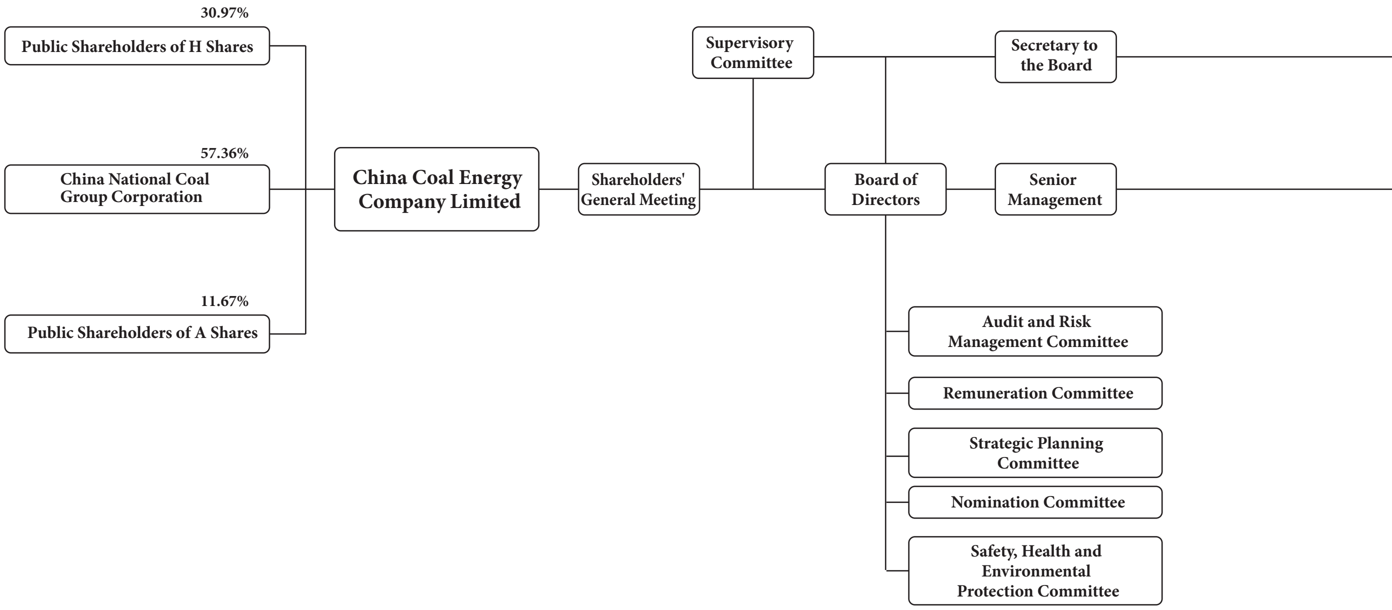
Definitions

Shanxi Coking	Shanxi Coking Co., Ltd.
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.
Guoyuan	Guoyuan Times Coal Asset Management Co., Ltd., a state-owned enterprise established under the laws of the PRC, is a central enterprise coal asset management platform. As at the date of this report, it was a 29% equity investment company of China Coal Group through its subsidiary China Coal Resources Development Group Company Limited
Guoyuan Group	Guoyuan and its subsidiaries
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
Anjialing Coal Mine	East Open Pit Mine of China Coal Pingshuo Group Company Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy Company Limited
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
Shaanxi Yulin's coal chemical phase II project with an annual output of 900,000 tonnes of polyolefin	China Coal Shaanxi Yulin Energy Chemical Co., Ltd. Coal Chemical Industry Phase II Project with an annual output of 900,000 tons of polyolefin
Wushenqi Tuke 2×660MW pithead coal power project	China Coal Northwest Energy Chemical Company Limited Wushenqi Tuke Industrial Park 2x660MW pithead coal power project
coal-free coal chemical industry	through adopting the coal chemical technology concept, the product can be produced without coal while having the power of coal chemical products

Definitions

carbon production without carbon emission	as an energy enterprise, the Company actively explores the development path of "dual carbon" with China Coal's characteristics, advocates the reduction or non-emission of carbon dioxide in the process of coal chemical production, promotes the resource utilization of carbon dioxide, and forms a new way of fossil energy utilization of "non-emission of carbon production"
Liquid Sunlight	it is the synthesis of liquid sun fuel, which is the production of hydrogen by using solar energy and other renewable energy to electrolyte, and hydrogen reaction with carbon dioxide to produce green methanol
CSRC	China Securities Regulatory Commission
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
RMB	RMB yuan

Organisation Chart of the Company



Organisation Chart of the Company

- 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
- Electric Service Department
- 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%
China Coal Finance Co., Ltd.	91%
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