年度報告

Annual Report 2020

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 2020, facing the impact of COVID-19 and the complex and ever-changing domestic and foreign environments, China Coal Energy accurately assessed the situation and maintained its strategic focus by acting courageously and forging ahead with coordinated efforts in various tasks in epidemic prevention and control and in operation and development. The Company presented its resilience against various risks in the face of all challenges. “Zero infection” for all staff was achieved. With new achievements in major production and operation indicators, the “13th Five-Year Plan” was concluded with a resounding success.

A new level in economic strength. During the reporting period, the Company’s revenue reached a record high of more than RMB140 billion, representing a year-on-year increase of RMB11.6 billion and an increase of RMB81.7 billion or 137.9% over 2015. Profit before income tax reached RMB11.68 billion, representing a year-on-year decrease of RMB1.34 billion and an increase of RMB15.26 billion over 2015. Net cash inflow generated from production and sales activities amounted to RMB23.71 billion, representing a year-on-year increase of RMB1.56 billion and an increase of RMB16.43 billion or 225.7% over 2015. Total assets exceeded RMB280 billion and equity attributable to the equity holders of the Company exceeded RMB100 billion, representing an increase of RMB23.5 billion and RMB17.0 billion over the end of 2015 respectively. Production volume of commercial coal reached 110 million tonnes, representing a year-on-year increase of 8.17 million tonnes and an increase of 14.54 million tonnes or 15.3% over 2015. Sales volume of coal amounted to 265 million tonnes, representing a year-on-year increase of 34.16 million tonnes, almost doubling the figure in 2015.

A new breakthrough in structural adjustment. During the “13th Five-Year Plan” period, the coal production structure was further optimised by phasing out 30.90 million tonnes of outdated production capacity and introducing more than 50 million tonnes of advanced production capacity in aggregate. Together with the successful acquisition of Libi Coal Mine with an annual output of 4 million tonnes of anthracite, the Company’s coal product varieties were enriched and quality of supply was continuously improved. The achieved synergetic development of coal, electricity and coal chemical integration and the operating situation of “work safety, stable production, long-period operation, fully-loaded operation and producing quality products” of modern coal chemical plants that had been put into operation successively allowed the output of major products to increase by 43.9% from 3.28 million tonnes to 4.72 million tonnes. Benefiting from the newly added pit-mouth power plants with an installed capacity of 2.62 million KW, the power generation business recorded a profit before income tax of over RMB400 million in 2020 as the clean and efficient use of coal became a new growth driver. The shift to the intelligent production and operation in coal mining equipment business was expedited, with production value doubling over 2015. As for the financial operations, lean management and technological innovation were deepened, expanding the asset scale from RMB22.0 billion to RMB40.3 billion and increasing profit before income tax from RMB380 million to RMB850 million, the service assurance function of which became more prominent.

A new boost in corporate vitality. During the three-year campaign to reform state-owned enterprises to meet world-class standards, the trial run of the “Double-Hundred Action” (雙百行動) made substantial progress and accentuated the vitality of the system and mechanism. The coal marketing system was restructured to fully cover key areas and sectors, which further enhanced the Company’s market influence. By promoting construction of the technological innovation system, improving the incentive mechanism, enhancing development of the key technologies, and promoting construction of smart mines and intelligent plants, the Group has achieved a number of major technological innovations. Several coal mines were selected into the first batch of national demonstration construction project of intelligent coal mine, and the coal chemical digital plant became a national demonstration project of intelligent manufacture. The Company continued to improve corporate governance, safeguarded the interests of shareholders, and was graded as A by the Shanghai Stock Exchange for its information disclosure for many years successively. In 2020, it successfully issued the first “registration-based” corporate bonds in the PRC and was awarded the title of “Excellent Issuer of Innovative Corporate Bond Products” (公司債券創新產品優秀發行人) by the Shanghai Stock Exchange.

Chairman's Statement

A new safeguard for steady development. The Company continued to improve the safety management system and step up its input on safe production standardisation. All coal mines in production were rated as safe and efficient mines, and the construction of "leak-free plants" by key coal chemical companies has passed expert review process, indicating higher assurance on safety and continuation of safe production. As the Company solidly promoted energy-saving and low-carbon transformation and increased effort on environmental restoration, a number of coal mines were listed in the national green mine catalogue, several coal chemical companies achieved "zero discharge" of wastewater, and the coal consumption of power plants decreased year by year. The Company reasonably controlled its debt scale and enjoyed a steadier and sounder financial structure, with the gearing ratio decreasing by 9.4 percentage points from the end of 2015 to 43.6%. The Company actively contributed to social welfare while promoting its high-quality development, achieving a total contribution to the society of nearly RMB100 billion during the "13th Five-Year Plan" period. The Company carried out targeted poverty alleviation projects to help lift all targeted impoverished areas out of poverty.

In 2021, China Coal Energy will continue to pursue the new development concept in depth with the supply-side structural reform as the main objective and high-quality development as the guide, seize the strategic opportunities arising from the country's vigorous development of new energy, resolutely put the overall goals about "carbon emissions peak" and "carbon neutrality" into practice, and forge ahead as a world-class energy enterprise. First, the Company will continue to promote the optimisation, adjustment, transformation and upgrade of the structure of the industry, consolidate the advantages of coal, electricity and chemical integration, speed up the launch of projects in the new energy industry, and explore new growth poles of the Company. Second, the Company will continue to deepen the reform of the system and mechanism and stimulate the internal momentum of the enterprise riding on the three-year campaign to reform state-owned enterprises. Third, the Company will deepen the initiative to meet world-class standards, strive for efficiency enhancement through quality improvement and cost reduction, and continue to improve the Company's operation quality to ensure the achievement of the annual production and operation targets. Fourth, the Company will continue to improve the technological innovation system, increase its effort in technological innovation, strengthen the research on core technologies, and enhance technology management and the influence of the Company. Fifth, the Company will firmly stick to safe development, continue to increase assurance on safety, pay great attention to ecology and environment protection and energy saving, effectively prevent and defuse various risks, and consolidate the working mechanism for the normalisation of epidemic control to ensure the steady and sound development of the Company. Sixth, the Company will strengthen corporate governance and information disclosure mechanism, continue to improve compliance management and internal control, continuously maintain and enhance its corporate value, continue to strengthen communication with various investors, and consolidate the desirable image of solidity, standardisation, truthfulness and transparency.

In 2021, the Company's management and staff of all levels will continue to work hard and make greater achievements during the "14th Five-Year Plan" period, and reward all shareholders and investors with excellent performance!

Peng Yi
Vice Chairman

Beijing, the PRC
24 March 2021

Management Discussion and Analysis of Financial Conditions and Operating Results

The following discussion and analysis should be read in conjunction with the Group's 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 2020, under the impact of the COVID-19 pandemic and the pressure on significant downward in coal and coal chemical product prices, the Group thoroughly upheld new development concept and stuck to high quality development, and forged ahead with coordinated efforts in various works in pandemic prevention and control as well as operation and development. The Group realised revenue of RMB140.961 billion for the year, representing a year-on-year increase of RMB11.626 billion; with the year-on-year decrease in profit attributable to associates and joint ventures by RMB1.433 billion, the Group realised profit before tax of RMB11.683 billion, representing a year-on-year decrease of RMB1.341 billion; profit attributable to equity holders of the Company amounted to RMB5.351 billion, representing a year-on-year decrease of RMB848 million; net cash flow generated from operating activities amounted to RMB22.632 billion, representing a year-on-year increase of RMB651 million, while upon excluding the decrease in unit deposits of members (other than China Coal Energy) absorbed by Finance Company, net cash inflow generated from production and sales activities amounted to RMB23.707 billion, representing a year-on-year increase of RMB1.562 billion, indicating the continuous strong operating and cash generating capability. By taking advantage of scientific organisation of production and full marketing network coverage, the Group strived to increase its production and sales to secure energy supply. The coal sales volume of the Group reached a record high in that the production volume and sales volume of self-produced commercial coal amounted to 110.01 million tonnes and 111.05 million tonnes, representing a year-on-year increase of 8.17 million tonnes and 9.10 million tonnes respectively; sales volume of proprietary trading coal amounted to 146.44 million tonnes, representing a year-on-year increase of 25.17 million tonnes. By continually enhancing lean management and scientific cost control, unit cost of sales for self-produced commercial coal recorded a year-on-year decrease of RMB21.15/tonne. Coal chemical enterprises optimised production organization with safe, efficient and stable operation. Unit cost of sales of polyolefin recorded a year-on-year decrease of RMB551/tonne, maintaining a leading profitability level in the industry. Coal mining equipment operations recorded year-on-year growth of revenue and profit before income tax with continuous implementation of the "Double-Hundred" Action ("雙百"行動) and strengthening in the vitality of the system and structure. For financial operations, with continuous reinforcement in lean management, financial services and technological innovation, major operation indicators attained their optimal levels.

Unit: RMB100 million

	For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**1,409.61**	1,293.35	116.26	9.0
Profit before income tax	**116.83**	130.24	-13.41	-10.3
Profit attributable to associates and joint ventures	**11.64**	25.97	-14.33	-55.2
EBITDA	**250.76**	248.63	2.13	0.9
Profit attributable to the equity holders of the Company	**53.51**	61.99	-8.48	-13.7
Net cash generated from operating activities	**226.32**	219.81	6.51	3.0

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	As at 31 December 2020	As at 31 December 2019 (restated)	**Compared with the end of last year** Increase/ decrease in amount	Increase/ decrease (%)
Assets	**2,815.74**	2,725.51	90.23	3.3
Liabilities	**1,579.08**	1,552.73	26.35	1.7
Interest-bearing debts	**956.69**	942.40	14.29	1.5
Equity	**1,236.66**	1,172.78	63.88	5.4
Equity attributable to the equity holders of the Company	**1,006.59**	970.48	36.11	3.7
Gearing ratio (%) = total interest-bearing debts/ (total interest-bearing debts + equity)	**43.6**	44.6	A decrease of 1.0 percentage point	

II. OPERATING RESULTS

(I) Consolidated operating results

Revenue, cost of sales and gross profit before netting of inter-segmental sales generated from each operating segment of the Group for the year ended 31 December 2020 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the year ended 31 December 2020 (before netting of inter-segmental sales)			**Year-on-year increase/ decrease in amount**		
	Revenue	**Cost of sales**	**Gross profit**	Revenue	Cost of sales	Gross profit
Coal operations	**1,138.97**	**988.02**	**150.95**	93.89	105.22	-11.33
Coal chemical operations	**170.54**	**145.93**	**24.61**	-7.18	-0.85	-6.33
Coal mining equipment operations	**89.42**	**75.54**	**13.88**	6.72	3.94	2.78
Financial operations	**12.42**	**3.93**	**8.49**	0.60	0.39	0.21
Other operations	**70.19**	**60.67**	**9.52**	15.35	6.24	9.11
Inter-segment elimination	**-71.93**	**-69.13**	**-2.80**	6.88	6.73	0.15
The Group	**1,409.61**	**1,204.96**	**204.65**	116.26	121.67	-5.41

Management Discussion and Analysis of Financial Conditions and Operating Results

1. *Revenue*

For the year ended 31 December 2020, the Group's revenue increased from RMB129.335 billion for the year ended 31 December 2019 to RMB140.961 billion, representing an increase of RMB11.626 billion or 9.0%, which was mainly due to the year-on-year increase in the Group's commercial coal sales, the year-on-year increase in revenue from coal mining equipment operations as well as the operation of key power generation projects, offsetting the impact on revenue by the decline in market prices of major products.

Revenue net of inter-segmental sales generated from each operating segment of the Group for the year ended 31 December 2020 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 2020	For the year ended 31 December 2019 (restated)	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**1,097.00**	996.19	100.81	10.1
Coal chemical operations	**167.28**	175.12	-7.84	-4.5
Coal mining equipment operations	**77.56**	70.20	7.36	10.5
Financial operations	**8.38**	7.76	0.62	8.0
Other operations	**59.39**	44.08	15.31	34.7
The Group	**1,409.61**	1,293.35	116.26	9.0

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 2020 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 2020	For the year ended 31 December 2019 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**77.8**	77.0	0.8
Coal chemical operations	**11.9**	13.5	-1.6
Coal mining equipment operations	**5.5**	5.4	0.1
Financial operations	**0.6**	0.6	–
Other operations	**4.2**	3.5	0.7

Management Discussion and Analysis of Financial Conditions and Operating Results

2. *Cost of sales*

For the year ended 31 December 2020, the Group's cost of sales increased by 11.2% from RMB108.329 billion for the year ended 31 December 2019 to RMB120.496 billion, which was mainly due to the combined effect of the year-on-year increase in the Group's commercial coal sales, the increase in sales scale of coal mining equipment, the commencement of operation of key power generation projects, as well as the year-on-year decrease in unit cost of sales of the Group's coal and coal chemical products.

The changes in the major items of the Group's cost of sales are analysed as follows:

The costs of materials used and goods traded increased by 17.7% from RMB67.302 billion for the year ended 31 December 2019 to RMB79.194 billion, which was mainly attributable to the year-on-year increase in proprietary trading coal and proprietary trading polyolefin.

Staff costs decreased by 5.0% from RMB5.545 billion for the year ended 31 December 2019 to RMB5.265 billion, which was mainly attributable to the temporary 50% reduction in social security expenses as a result of the national policy for supporting COVID-19 pandemic prevention and control.

Depreciation and amortisation costs increased by 3.6% from RMB9.208 billion for the year ended 31 December 2019 to RMB9.537 billion, which was mainly attributable to the increase in the original value of property, plant and equipment as well as mining rights upon the commencement of operation of original construction projects and the recognition of proceeds from transfer of mining rights.

Repairs and maintenance costs increased by 29.7% from RMB1.862 billion for the year ended 31 December 2019 to RMB2.415 billion, which was mainly due to the overall repair of coal chemical equipment and inspection and repair of normal production equipment as arranged under the production plan.

Transportation costs and port expenses decreased by 4.5% from RMB12.435 billion for the year ended 31 December 2019 to RMB11.877 billion, which was mainly attributable to the year-on-year decrease in sales volume of proprietary trading coal that bears the railroad transportation costs and port expenses.

Sales taxes and surcharges increased by 4.7% from RMB3.486 billion for the year ended 31 December 2019 to RMB3.651 billion, which was mainly attributable to the year-on-year increase in the Group's resource tax as a result of coal production enterprises of the Group applying new resource tax rates which become higher in some regions upon the implementation of the "Resource Tax Law" since 1 September 2020.

Outsourced mining engineering fees decreased by 0.8% from RMB3.450 billion for the year ended 31 December 2019 to RMB3.424 billion, which was mainly attributable to the year-on-year decrease in outsourced mining engineering projects according to the production organisation and arrangement.

Other costs increased by 1.8% from RMB5.041 billion for the year ended 31 December 2019 to RMB5.133 billion, which was mainly attributable to the increase in expenses such as production related sporadic engineering expenditure and auxiliary expenses.

3. *Gross profit and gross profit margin*

For the year ended 31 December 2020, affected by the downward market prices of coal and coal chemical products, the Group's gross profit decreased by 2.6% from RMB21.006 billion for the year ended 31 December 2019 to RMB20.465 billion, and integrated gross profit margin decreased by 1.7 percentage points from 16.2% for the year ended 31 December 2019 to 14.5%. Meanwhile, the Group proactively expanded its production and sales scale and conducted scientific cost control, coal mining equipment operations and financial operations recorded increase in profits and the commencement of key power generation project operations have significantly increased the profit of other operations, all of which have in turn effectively offset the decrease in market price of coal and coal chemical products.

The gross profit and gross profit margin from each operating segment of the Group for the year ended 31 December 2020 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 2020	For the year ended 31 December 2019 (restated)	Increase/ decrease (%)	**For the year ended 31 December 2020**	For the year ended 31 December 2019 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**150.95**	162.28	-7.0	**13.3**	15.5	-2.2
Self-produced commercial coal	**145.92**	156.44	-6.7	**29.6**	31.5	-1.9
Proprietary coal trading	**4.47**	5.31	-15.8	**0.7**	1.0	-0.3
Coal chemical operations	**24.61**	30.94	-20.5	**14.4**	17.4	-3.0
Coal mining equipment operations	**13.88**	11.10	25.0	**15.5**	13.4	2.1
Financial operations	**8.49**	8.28	2.5	**68.4**	70.1	-1.7
Other operations	**9.52**	0.41	2,222.0	**13.6**	0.7	12.9
The Group	**204.65**	210.06	-2.6	**14.5**	16.2	-1.7

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

(II) Operating results of segments

1. Coal Operations Segment

(1) Revenue

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

For the year ended 31 December 2020, for coal operations of the Group, the revenue increased by 9.0% from RMB104.508 billion for the year ended 31 December 2019 to RMB113.897 billion, and revenue net of inter-segmental sales increased by 10.1% from RMB99.619 billion for the year ended 31 December 2019 to RMB109.70 billion.

For the year ended 31 December 2020, the revenue from sales of the self-produced commercial coal of the Group decreased by 0.7% from RMB49.596 billion for the year ended 31 December 2019 to RMB49.227 billion, which was mainly attributable to the year-on-year increase of 9.10 million tonnes in the sales volume leading to an increase of RMB4.430 billion in the sales revenue of self-produced commercial coal; the year-on-year decrease of RMB43/tonne in the comprehensive sales price led to a decrease in revenue of RMB4.799 billion. Revenue net of inter-segmental sales decreased by 0.2% from RMB47.708 billion for the year ended 31 December 2019 to RMB47.636 billion.

For the year ended 31 December 2020, the revenue from sales of proprietary coal trading of the Group increased by 17.8% from RMB54.450 billion for the year ended 31 December 2019 to RMB64.143 billion, which was mainly attributable to the year-on-year increase of 25.17 million tonnes in the sales volume and RMB11.303 billion in the revenue from sales of proprietary coal trading; the year-on-year decrease of RMB11/tonne in the comprehensive sales price led to a decrease in revenue of RMB1.610 billion. Revenue net of inter-segmental sales increased by 19.6% from RMB51.529 billion for the year ended 31 December 2019 to RMB61.616 billion.

For the year ended 31 December 2020, revenue from coal agency business of the Group decreased by RMB15 million from RMB33 million for the year ended 31 December 2019 to RMB18 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 2020 and the year-on-year changes are set out as follows:

		For the year ended 31 December 2020		For the year ended 31 December 2019		Year-on-year Increase/decrease in amount		Year-on-year Increase/decrease	
		Sales volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	**11,105**	**443**	10,195	486	910	-43	8.9	-8.8
	(I) Thermal coal	**9,986**	**402**	9,162	432	824	-30	9.0	-6.9
	1. Domestic sale	**9,977**	**402**	9,143	431	834	-29	9.1	-6.7
	2. Export	**9**	**508**	19	579	-10	-71	-52.6	-12.3
	(II) Coking coal	**1,119**	**808**	1,033	973	86	-165	8.3	-17.0
	Domestic sale	**1,119**	**808**	1,033	973	86	-165	8.3	-17.0
II. Proprietary coal trading	Total	**14,644**	**438**	12,127	449	2,517	-11	20.8	-2.4
	(I) Domestic sale	**14,502**	**437**	11,984	447	2,518	-10	21.0	-2.2
	(II) Self-operated export*	**21**	**1,062**	35	1,247	-14	-185	-40.0	-14.8
	(III) Import trading	**121**	**402**	108	392	13	10	12.0	2.6
III. Import and export and domestic agency★	Total	**795**	**2**	806	4	-11	-2	-1.4	-50.0
	(I) Import agency	**17**	**4**	139	4	-122	0	-87.8	0.0
	(II) Export agency	**95**	**7**	156	8	-61	-1	-39.1	-12.5
	(III) Domestic agency	**683**	**2**	511	3	172	-1	33.7	-33.3

* : Briquette export.

★ : Selling price is agency service fee.

Note: Sales volume of the commercial coal includes the inter-segment self-consumption volume of the Group, which amounted to 13.25 million tonnes for 2020 and 14.42 million tonnes for 2019.

(2) *Cost of sales*

For the year ended 31 December 2020, the Group's cost of sales of coal business increased by 11.9% from RMB88.280 billion for the year ended 31 December 2019 to RMB98.802 billion, which was mainly attributable to the year-on-year increase in the sales volume of the Group's proprietary coal trading of 25.17 million tonnes, leading to the year-on-year increase in cost by RMB10.157 billion; the year-on-year increase in cost of sales of self-produced commercial coal by RMB683 million as a result of the combined effect by the year-on-year increase in the sales of self-produced commercial coal by 9.10 million tonnes and the year-on-year decrease in unit cost of sales of self-produced commercial coal by RMB21.15/tonne due to the Group's scientific cost control. 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 2020**	**Percentage (%)**	For the year ended 31 December 2019 (restated)	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**62.80**	**6.4**	61.86	7.0	0.94	1.5
Proprietary coal trading cost☆	**617.35**	**62.5**	515.78	58.5	101.57	19.7
Staff costs	**33.46**	**3.4**	34.63	3.9	-1.17	-3.4
Depreciation and amortisation	**59.67**	**6.0**	54.68	6.2	4.99	9.1
Repairs and maintenance	**13.44**	**1.4**	12.62	1.4	0.82	6.5
Transportation costs and port expenses	**108.84**	**11.0**	113.30	12.8	-4.46	-3.9
Sales taxes and surcharges	**32.24**	**3.3**	30.49	3.5	1.75	5.7
Outsourcing mining engineering fees	**34.24**	**3.5**	34.50	3.9	-0.26	-0.8
Other costs★	**25.98**	**2.5**	24.94	2.8	1.04	4.2
Total cost of sales for coal operations	**988.02**	**100.0**	882.80	100.0	105.22	11.9

☆ : This cost does not include transportation costs and port expenses related to proprietary coal trading, amounting to RMB1.961 billion for 2020 and RMB2.341 billion for 2019, both of which are set out in the item of transportation costs and port expenses.

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

For the year ended 31 December 2020, the Group's cost of sales for self-produced commercial coal amounted to RMB34.635 billion, representing a year-on-year increase of RMB683 million or 2.0%; unit cost of sale for self-produced commercial coal amounted to RMB311.88/tonne, representing a year-on-year decrease of RMB21.15/tonne or 6.4%.

The composition of the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2020, and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	For the year ended 31 December 2020	Percentage (%)	For the year ended 31 December 2019 (restated)	Percentage (%)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**56.55**	**18.1**	60.67	18.2	-4.12	-6.8
Staff costs	**30.13**	**9.7**	33.96	10.2	-3.83	-11.3
Depreciation and amortisation	**53.73**	**17.2**	53.64	16.1	0.09	0.2
Repairs and maintenance	**12.11**	**3.9**	12.38	3.7	-0.27	-2.2
Transportation costs and port expenses	**80.35**	**25.8**	87.91	26.4	-7.56	-8.6
Sales taxes and surcharges	**29.03**	**9.3**	29.91	9.0	-0.88	-2.9
Outsourcing mining engineering fees	**30.83**	**9.9**	33.84	10.2	-3.01	-8.9
Other costs	**19.15**	**6.1**	20.72	6.2	-1.57	-7.6
Total unit cost of sales of self-produced commercial coal	**311.88**	**100.0**	333.03	100.0	-21.15	-6.4

For the year ended 31 December 2020, the Group's unit cost of sales of self-produced commercial coal amounted to RMB311.88/tonne, representing a year-on-year decrease of RMB21.15/tonne or 6.4%, which was mainly attributable to the Group's continuous optimisation of production organisation, proactive release of advanced production capacity, increased efforts to lower cost and excavate the underground mines, as well as the decrease in procurement cost of diesel, leading to a year-on-year decrease in unit materials costs; national policies to support COVID-19 pandemic prevention and control such as the temporary 50% reduction in social security expenses, leading to a year-on-year decrease in staff costs; the decrease in the proportion of sales volume of self-produced commercial coal that bears railroad transportation and port expenses for the total sales volume of self-produced commercial coal of the Group, as well as decrease in the transportation fees of certain railroad, leading to a year-on-year decrease in unit transportation costs and port expenses; the year-on-year decrease in outsourcing mining engineering projects pursuant to the production organisation and arrangement as well as the year-on-year increase in the production volume of self-produced commercial coal, leading to the year-on-year decrease in unit outsourcing mining engineering fees. Besides, the Group's expansion of production scale resulted in the year-on-year increase in production related sporadic engineering expenditure and auxiliary expenses in other costs, but the dilution effect of the increase in production volume of self-produced commercial coal led to the year-on-year decrease in unit other costs.

(3) *Gross profit and gross profit margin*

For the year ended 31 December 2020, the Group's gross profit from coal operations segment decreased by 7.0% from RMB16.228 billion for the year ended 31 December 2019 to RMB15.095 billion, while gross profit margin decreased by 2.2 percentage points from 15.5% for the year ended 31 December 2019 to 13.3%, which was mainly due to the combined effect of the year-on-year increase in sales volume of the Group's self-produced commercial coal, the year-on-year decrease in unit cost of sales, the year-on-year decline in price of self-produced commercial coal, the year-on-year decrease in gross profit of proprietary coal trading operations and the year-on-year decrease in gross profit margin.

2. *Coal Chemical Operations Segment*

(1) *Revenue*

For the year ended 31 December 2020, the revenue from coal chemical operations of the Group decreased by 4.0% from RMB17.772 billion for the year ended 31 December 2019 to RMB17.054 billion and revenue net of inter-segmental sales decreased by 4.5% from RMB17.512 billion for the year ended 31 December 2019 to RMB16.728 billion, which was mainly attributable to the relatively large year-on-year decrease in the price of coal chemical products under the influence of sluggish international oil price as well as the year-on-year decrease in sales volume of urea and methanol under the scheduled inspection and repairs by Ordos Energy Chemical Company and China Coal Yuanxing Company as arranged under their plans.

The sales volume and selling prices of the major coal chemical products of the Group for the year ended 31 December 2020 and the year-on-year changes are set out as follows:

	For the year ended 31 December 2020		For the year ended 31 December 2019		**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	**147.4**	**6,385**	145.0	7,214	2.4	-829	1.7	-11.5
Polyethylene	**74.5**	**6,121**	75.2	6,919	-0.7	-798	-0.9	-11.5
Polypropylene	**72.9**	**6,655**	69.8	7,531	3.1	-876	4.4	-11.6
II. Urea	**224.8**	**1,625**	229.1	1,763	-4.3	-138	-1.9	-7.8
III. Methanol	**68.8**	**1,332**	95.8	1,543	-27.0	-211	-28.2	-13.7
Inter-segment self-consumption volume◆	**65.3**	**1,324**	82.0	1,528	-16.7	-204	-20.4	-13.4
External sales	**3.5**	**1,487**	13.8	1,628	-10.3	-141	-74.6	-8.7

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

Besides, leveraging on channel advantage, the Group commenced the business of procurement of polyolefin from third parties and sale to its customers. For the year ended 31 December 2020, the procurement and sale of polyolefin amounted to 141,000 tonnes, realising sales revenue of RMB1.016 billion.

(2) Cost of sales

For the year ended 31 December 2020, cost of sales for the coal chemical operations of the Group decreased by 0.6% from RMB14.678 billion for the year ended 31 December 2019 to RMB14.593 billion, which was mainly attributable to the combined effect of continual strengthened lean management on cost by each coal chemical enterprise, the year-on-year decrease in procurement price of raw materials and fuel coal along with the downward trend of the coal market, the increase in sales volume of polyolefin in proprietary trading, and the increase in repair expenses for the repairs and maintenance of some coal chemical enterprises pursuant to their production plan and arrangement. The composition of the cost of sales for 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 2020**	**Percentage (%)**	For the year ended 31 December 2019	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs (excluding cost of polyolefin in proprietary trading)	**74.27**	**51.0**	81.89	55.8	-7.62	-9.3
Cost of polyolefin in proprietary trading	**10.06**	**6.9**	1.10	0.7	8.96	814.5
Staff costs	**7.36**	**5.0**	8.25	5.6	-0.89	-10.8
Depreciation and amortisation	**25.89**	**17.7**	27.35	18.6	-1.46	-5.3
Repairs and maintenance	**7.03**	**4.8**	4.78	3.3	2.25	47.1
Transportation costs and port expenses	**9.09**	**6.2**	9.65	6.6	-0.56	-5.8
Sales taxes and surcharges	**3.03**	**2.1**	3.25	2.2	-0.22	-6.8
Other costs	**9.20**	**6.3**	10.51	7.2	-1.31	-12.5
Total cost of sales for coal chemical operations	**145.93**	**100.0**	146.78	100.0	-0.85	-0.6

The cost of sales of the major self-produced coal chemical products of the Group for the year ended 31 December 2020 and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	**For the year ended 31 December 2020**	For the year ended 31 December 2019	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
I. Polyolefin	**5,511**	6,062	-551	-9.1
(1) Polyethylene	**5,593**	6,128	-535	-8.7
(2) Polypropylene	**5,427**	5,991	-564	-9.4
II. Urea	**1,302**	1,294	8	0.6
III. Methanol	**1,368**	1,373	-5	-0.4

(3) Gross profit and gross profit margin

For the year ended 31 December 2020, affected by the significant year-on-year decrease in market price of coal chemical products under the influence of sluggish international oil price, the gross profit of the Group's coal chemical operations decreased by 20.5% from RMB3.094 billion for the year ended 31 December 2019 to RMB2.461 billion, while gross profit margin decreased by 3.0 percentage points from 17.4% for the year ended 31 December 2019 to 14.4%.

3. Coal Mining Equipment Operations Segment

(1) Revenue

For the year ended 31 December 2020, the Group's revenue from coal mining equipment operations increased by 8.1% from RMB8.270 billion for the year ended 31 December 2019 to RMB8.942 billion. Revenue net of other inter-segmental sales increased by 10.5% from RMB7.020 billion for the year ended 31 December 2019 to RMB7.756 billion, which was mainly attributable to the year-on-year increase in revenue due to the further optimisation of coal mining equipment product structure and the expansion of sales and business scale of accessories.

(2) Cost of sales

For the year ended 31 December 2020, the Group's cost of sales for the coal mining equipment operations increased by 5.5% from RMB7.160 billion for the year ended 31 December 2019 to RMB7.554 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 2020	Percentage (%)	For the year ended 31 December 2019	Percentage (%)	Year-on-year Increase/ decrease in amount	Year-on-year Increase/ decrease (%)
Material costs	**54.36**	**72.0**	50.20	70.1	4.16	8.3
Staff costs	**6.92**	**9.2**	6.48	9.1	0.44	6.8
Depreciation and amortisation	**4.06**	**5.4**	3.71	5.2	0.35	9.4
Repairs and maintenance	**1.12**	**1.5**	1.07	1.5	0.05	4.7
Transportation costs	**1.23**	**1.6**	1.88	2.6	-0.65	-34.6
Sales taxes and surcharges	**0.40**	**0.5**	0.38	0.5	0.02	5.3
Other costs	**7.45**	**9.8**	7.88	11.0	-0.43	-5.5
Total cost of sales for coal mining equipment operations	**75.54**	**100.0**	71.60	100.0	3.94	5.5

(3) Gross profit and gross profit margin

For the year ended 31 December 2020, the gross profit of the Group's coal mining equipment operations segment increased by 25.0% from RMB1.110 billion for the year ended 31 December 2019 to RMB1.388 billion; and the gross profit margin increased by 2.1 percentage points from 13.4% for the year ended 31 December 2019 to 15.5%, which was mainly attributable to the year-on-year increase in high-end products and accessories sales business with higher gross profit margin.

4. Financial Operations Segment

For financial operations, which is mainly engaged by Finance Company, the Group deepened lean management concept, strengthened financial technology innovation, offered multi-dimensional, extensive and customised financial services by precisely targeting financial needs of member enterprises to secure safe, stable and efficient capital flow, and enhanced detailed operations of interbank deposits by dynamically optimising deployment strategies at appropriate times, thereby realising better value appreciation and effectiveness. For the year ended 31 December 2020, revenue of financial operations of the Group increased by 5.1% from RMB1.182 billion for the year ended 31 December 2019 to RMB1.242 billion; revenue net of inter-segmental sales increased by 8.0% from RMB776 million for the year ended 31 December 2019 to RMB838 million. Cost of sales increased by 11.0% from RMB354 million for the year ended 31 December 2019 to RMB393 million. Gross profit increased by 2.5% from RMB828 million for the year ended 31 December 2019 to RMB849 million. Gross profit margin decreased by 1.7 percentage points from 70.1% for the year ended 31 December 2019 to 68.4%.

5. Other Operations Segment

Other operations segment of the Group mainly includes thermal power generation, aluminum processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. Benefitted from the stable operation of key power generation projects including the Project of the Second Power Plant 2×660MW located in the north of Wucai Bay, Zhundong, Xinjiang and the 2×350MW thermal power project by Shanghai Energy Company, for the year ended 31 December 2020, the revenue from other operations of the Group increased by 28.0% from RMB5.484 billion for the year ended 31 December 2019 to RMB7.019 billion; revenue net of inter-segmental sales increased by 34.7% from RMB4.408 billion for the year ended 31 December 2019 to RMB5.939 billion; cost of sales increased by 11.5% from RMB5.443 billion for the year ended 31 December 2019 to RMB6.067 billion; gross profit increased by RMB911 million from RMB41 million for the year ended 31 December 2019 to RMB952 million; gross profit margin increased by 12.9 percentage points from 0.7% for the year ended 31 December 2019 to 13.6%.

(III) Selling, general and administrative expenses

For the year ended 31 December 2020, the Group's selling, general and administrative expenses increased by RMB33 million from RMB5.533 billion for the year ended 31 December 2019 to RMB5.566 billion, which was mainly attributable to the increase in technology innovation by the Group, leading to the year-on-year increase in research and development expenses.

(IV) Other gains and losses

For the year ended 31 December 2020, other net gains and losses of the Group increased by RMB461 million from RMB-311 million for the year ended 31 December 2019 to RMB150 million, which was mainly attributable to the year-on-year decrease in impairment provisions recognised based on the results of the impairment tests conducted by the Group on assets that showed signs of impairment according to Accounting Standards.

(V) Profit from operations

For the year ended 31 December 2020, the Group's profit from operations decreased by 0.9% from RMB15.181 billion for the year ended 31 December 2019 to RMB15.049 billion. Profits from operations for each operating segment of the Group and the year-on-year changes are as follows:

Unit: RMB100 million

Item		For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
The Group		**150.49**	151.81	-1.32	-0.9
Of which:	Coal operations	**116.56**	131.34	-14.78	-11.3
	Coal chemical operations	**18.89**	24.84	-5.95	-24.0
	Coal mining equipment operations	**4.57**	3.04	1.53	50.3
	Finance operations	**8.50**	7.63	0.87	11.4
	Other operations	**6.41**	-9.01	15.42	–

Note: The above profits from operations for each operating segment are figures before netting of inter-segmental sales.

(VI) Finance income and finance costs

For the year ended 31 December 2020, the Group's net finance costs decreased by 4.7% from RMB4.754 billion for the year ended 31 December 2019 to RMB4.529 billion, which was mainly attributable to the combined effect of the Group's increased efforts on the optimisation of debt structure to lower integrated capital cost, the transformation from capitalisation of interest expenses to accounting as expenses for some construction projects that have commenced production, the increase in provisions for close down, restoration and environmental costs by coal production enterprises based on the mine geological environment governance and restoration fund in accordance with relevant policies issued by the State in 2019, and the increase in finance costs recognised at effective interest rate method such as other long-term liabilities recognised for gains from granting mining rights to be paid in instalments.

(VII) Share of profits of associates and joint ventures

For the year ended 31 December 2020, the Group's share of profits of associates and joint ventures decreased by 55.2% from RMB2.597 billion for the year ended 31 December 2019 to RMB1.164 billion, which was mainly attributable to the year-on-year decrease in market price of coal and coal chemical products, and the decrease in production volume of some associates and joint ventures of the Group pursuant to their scheduled inspection and repairs during the reporting period, leading to the year-on-year decrease in the profits of associates and joint ventures, and thus, the Group's share of profits of associates and joint ventures recognised in accordance with its shareholding.

(VIII) Profit before income tax

For the year ended 31 December 2020, the profit before income tax of the Group decreased by 10.3% from RMB13.024 billion for the year ended 31 December 2019 to RMB11.683 billion.

(IX) Income tax expense

For the year ended 31 December 2020, the Group's income tax expenses decreased by 3.9% from RMB3.501 billion for the year ended 31 December 2019 to RMB3.363 billion.

(X) Profit attributable to the equity holders of the Company

For the year ended 31 December 2020, the profit attributable to the equity holders of the Company decreased by 13.7% from RMB6.199 billion for the year ended 31 December 2019 to RMB5.351 billion.

III. CASH FLOW

As at 31 December 2020, the balance of the Group's cash and cash equivalents amounted to RMB15.041 billion, representing a net increase of RMB2.903 billion as compared to RMB12.138 billion as at 31 December 2019.

Net cash inflow generated from operating activities increased by RMB651 million from RMB21.981 billion for the year ended 31 December 2019 to RMB22.632 billion, which was mainly attributable to the combined effect of the Group's continual reinforcement of lean capital management, reduction of operating capital occupation, the year-on-year increase in net cash inflow generated from production and sales activities of RMB1.562 billion as well as the decrease of RMB911 million in deposits absorbed from members other than China Coal Energy by Finance Company.

Net cash outflow used in investing activities increased by RMB5.586 billion from RMB8.657 billion for the year ended 31 December 2019 to RMB14.243 billion which was mainly attributable to the combined effect of the year-on-year increase of RMB8.331 billion in cash outflow arisen from the change in term deposits with an initial deposit period of more than three months, the year-on-year increase in entrusted loans of RMB1.125 billion recovered by Pingshuo Group from Sujin Shuozhou Coal Gangue Power Generation Company Limited (originally named China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited), the difference in gain of RMB689 million from granting the mining rights of Libi Coal Mine compensated by China Coal Group to China Coal Huajin Company, and the year-on-year decrease in cash utilised as capital expenditure by RMB727 million.

Net cash outflow generated from financing activities decreased by RMB4.091 billion from RMB9.566 billion for the year ended 31 December 2019 to RMB5.475 billion, which was mainly attributable to the combined effect of the year-on-year increase in the net debt facility of the Group as arranged pursuant to its annual financing plan and overall capital status, as well as the year-on-year increase in cash received from investment from minority shareholders absorbed by subsidiaries of the Group during the reporting period.

Management Discussion and Analysis of Financial Conditions and Operating Results

IV. SOURCES OF CAPITAL

For the year ended 31 December 2020, 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. No overdue or default has occurred.

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

V. ASSETS AND LIABILITIES

(I) Property, plant and equipment

As at 31 December 2020, the net value of property, plant and equipment of the Group amounted to RMB133.679 billion, representing a net increase of RMB3.681 billion or 2.8% as compared to RMB129.998 billion as at 31 December 2019, among which, the net value of buildings was RMB34.466 billion, accounting for 25.8%; that of mining structure was RMB29.583 billion, accounting for 22.1%; that of plant, machinery and equipment was RMB44.716 billion, accounting for 33.5%; that of construction in progress was RMB20.575 billion, accounting for 15.4%; and that of railways, transportation vehicles and other was RMB4.339 billion, accounting for 3.2%.

(II) Mining rights

As at 31 December 2020, the net value of the Group's mining rights amounted to RMB41.877 billion, representing a net increase of RMB2.997 billion or 7.7% as compared to RMB38.880 billion as at 31 December 2019, which was mainly attributable to the combined effect of the recognisation of the proceeds from transfer of mining rights payable in instalment in accordance with China's relevant policy by the coal production enterprise of the Group, as well as the completion of acquisition of 100% equity interests in Panjiayao Coal by Pingshuo Group after years, where its inclusion into the scope of consolidation increased the mining rights and the amortisation of mining rights for the period.

(III) Investments in associates and joint ventures

As at 31 December 2020, the net value of the Group's investment in associates and joint ventures amounted to RMB23.864 billion, representing a net decrease of RMB313 million or 1.3% as compared to RMB24.177 billion as at 31 December 2019, which was mainly attributable to the combined effect of recognisation of investment gains in associates and joint ventures by the Group, and the receipt of dividends declared from associates and joint ventures.

(IV) Other non-current assets

As at 31 December 2020, the net value of other non-current assets of the Group was RMB6.820 billion, representing a net decrease of RMB3.913 billion or 36.5% as compared to RMB10.733 billion as at 31 December 2019, which was mainly due to the aforesaid inclusion of Panjiayao Coal into the scope of consolidation, leading to the corresponding decrease in previous prepayments.

(V) Trade receivables

As at 31 December 2020, the Group's net value of trade receivables amounted to RMB7.241 billion, representing a net decrease of RMB74 million or 1.0% as compared to RMB7.315 billion as at 31 December 2019, which was mainly due to the Group's increased recovery of sales loans, leading to the decrease in trade receivables.

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

As at 31 December 2020, the Group's net value of debt instruments at fair value through other comprehensive income was RMB3.521 billion, representing a net decrease of RMB3.376 billion or 48.9% as compared to RMB6.897 billion as at 31 December 2019, which was mainly due to the significant decrease in bill receivables arisen from the increase in utilization of acceptance notes by the Group through discount and endorsement transfer.

(VII) Borrowings

As at 31 December 2020, the balance of borrowings of the Group amounted to RMB68.658 billion, representing a net increase of RMB7.344 billion or 12.0% as compared to RMB61.314 billion as at 31 December 2019, among which, the balance of long-term borrowings (including long-term borrowings due within one year) was RMB66.989 billion, representing a net increase of RMB9.941 billion as compared to RMB57.048 billion as at 31 December 2019; and the balance of short-term borrowings amounted to RMB1.669 billion, representing a net decrease of RMB2.597 billion as compared to RMB4.266 billion as at 31 December 2019.

(VIII) Lease liabilities

As at 31 December 2020, the balance of lease liabilities of the Group (including lease liabilities due within one year) amounted to RMB446 million, representing a net decrease of RMB58 million or 11.5% as compared to RMB504 million as at 31 December 2019, which was mainly due to the payment of lease fees by the Group in accordance with the requirements of contracts.

(IX) Long-term bonds

As at 31 December 2020, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB27.011 billion, representing a net decrease of RMB5.915 billion or 18.0% as compared to RMB32.926 billion as at 31 December 2019, which was mainly due to the payment of medium-term notes due by the Group.

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

As at 31 December 2020, the net provision for close-down, restoration and environmental costs of the Group amounted to RMB3.197 billion, representing a net decrease of RMB50 million or 1.5% as compared to RMB3.247 billion as at 31 December 2019, which was mainly due to the fact that coal enterprises of the Group made provision for mine geological environment governance and restoration fund in accordance with relevant national policies, where amortization was made based on effective interest rate method.

(XI) Other long-term liabilities

As at 31 December 2020, the other net long-term liabilities of the Group amounted to RMB5.021 billion, representing a net increase of RMB1.019 billion or 25.5% as compared to RMB4.002 billion as at 31 December 2019, which was mainly because the mining rights are added to the proceeds from transfer of mining rights payable by the Group’s coal enterprises in accordance with relevant national policy, and the Group classified part of the discounted income with payment period of over one year as other long-term liabilities, as well as the aforesaid inclusion of Panjiayao Coal into the scope of consolidation, where the recognisation of outstanding acquisition consideration in accordance with the requirements of related agreement increased other long-term liabilities.

VI. EQUITY

As at 31 December 2020, the equity of the Group was RMB123.666 billion, representing an increase of RMB6.388 billion or 5.4% from RMB117.278 billion as at 31 December 2019, among which, the equity attributable to the equity holders of the Company was RMB100.659 billion, representing an increase of RMB3.611 billion or 3.7% from RMB97.048 billion as at 31 December 2019. The items under the equity subject to significant change are analysed as below:

(I) Reserve

As at 31 December 2020, the reserve of the Group was RMB46.917 billion, representing a decrease of RMB191 million or 0.4% from RMB47.108 billion as at 31 December 2019, which was mainly due to the decrease of RMB509 million in the balance of the special fund from the previous year as the Group utilised the fund as planned during the reporting period, as well as the increase in reserve by RMB384 million due to the withdrawal of the surplus reserve and the reserve for general risk.

(II) Retained earnings

As at 31 December 2020, the retained earnings of the Group was RMB40.484 billion, representing an increase of RMB3.803 billion or 10.4% from RMB36.681 billion as at 31 December 2019, which was mainly because of the Group's profit attributable to the equity holders of the Company for the reporting period of RMB5.351 billion, the decrease of RMB1.684 billion for distribution of dividends in 2019, the increase of RMB509 million for adjusted unutilised special fund from the previous year as it was planned to be used during the reporting period, and the decrease of RMB384 million for the withdrawal of the surplus reserve and the reserve for general risk.

VII. SIGNIFICANT CHARGE OF ASSETS

The Group did not have significant charge of assets during the reporting period. As at 31 December 2020, the book value of the Group's charge of assets amounted to RMB1.583 billion, of which the book value of pledged assets was RMB336 million and the book value of mortgaged assets was RMB1.247 billion.

VIII. SIGNIFICANT INVESTMENT

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

IX. MATERIAL ACQUISITIONS AND DISPOSALS

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

Management Discussion and Analysis of Financial Conditions and Operating Results

X. ISSUANCE OF CORPORATE BONDS

The goal of registration and issuance of debt securities by the Group is to replenish the working capital of the Group and adjust the debt structure. As at 31 December 2020, details of the corporate bonds issued by the Company are as follows:

Disclosure Items	Corporate bonds							
	17 China Coal 01	**18 China Coal 01**	**18 China Coal 02**	**18 China Coal 03**	**18 China Coal 05**	**18 China Coal 06**	**18 China Coal 07**	**20 China Coal 01**
1. Reason for issue	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.	To meet the needs of production and operation, and further optimise the debt structure.
2. Type of issue	Public issue	Public issue	Public issue	Public issue	Public issue	Public issue	Public issue	Public issue
3. Book value	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100	RMB100
4. Issue scale	RMB1.0 billion	RMB1.1 billion	RMB0.4 billion	RMB1.7 billion	RMB2.2 billion	RMB0.8 billion	RMB0.8 billion	RMB3.0 billion
5. Bonds balance	RMB0.074 billion	RMB1.1 billion	RMB0.4 billion	RMB1.7 billion	RMB2.2 billion	RMB0.8 billion	RMB0.8 billion	RMB3.0 billion
6. Coupon rate	2.85%	4.85%	5.0%	4.90%	4.69%	4.89%	4.40%	3.60%
7. Total proceeds raised after deducting the issuance fee	RMB0.997 billion	RMB1.097 billion	RMB0.399 billion	RMB1.695 billion	RMB2.193 billion	RMB0.798 billion	RMB0.798 billion	RMB2.997 billion
8. Issue object	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor	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 repay the Company's due short-term financing bonds.	All the proceeds net of issuance fee were used to replenish the Company and its subsidiaries' working capital and repay the due bank loans.	All the proceeds net of issuance fee were used to 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 Company and its subsidiaries' due bank loans.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the due short-term financing bonds.	All the proceeds net of issuance fee were used to repay the issuers' due bank loan.	All the proceeds net of issuance fee were used to repay the interest-bearing debts and replenish working capital.
(2) If the proceeds have not been utilised, the different intended use details and descriptions of the relevant proceeds	–	–	–	–	–	–	–	–
(3) Whether the use or intended use of the proceeds is in accordance with the plan previously disclosed by the issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The Company completed the public issuance of 2017 corporate bonds (tranche 1) (hereunder "17 China Coal 01") on 20 July 2017. The term of the bond is 5 years with coupon rate adjustment option for the issuer and investor repurchase option at the end of the third year. On 15 June 2020, the Company announced the "Announcement on Repurchase of Bonds in 2020 for 2017 Corporate Bonds (Tranche 1) Publicly Issued by China Coal Energy Company Limited (《中國中煤能源股份有限公司2017年公開發行公司債券（第一期）2020年債券回售實施公告》), and announced on 17 June 2020 that it will execute the coupon rate adjustment option to adjust the coupon rate to 2.85%, remaining constant 2 years after the survival period of the bonds (between 20 July 2020 and 19 July 2022). The Company registered the declaration and resale by holders of 17 China Coal 01 during the resale registration period (between 18 June 2020 and 24 June 2020, trading days only). Pursuant to the statistics of the resale of the bonds by China Securities Depository and Clearing Corporation Limited Shanghai Branch, the amount of registration for the resale of 17 China Coal 01 during the valid period was 925,603 board lots, and the resale amounted to RMB925,603,000. On 20 July 2020, the Company implemented the resale with those validly registered holders of 17 China Coal 01, and the balance of the bonds after the resale was RMB74,397,000.

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

Name of bonds	Issue scale (RMB100 million)	Interest rate (%)	Term	Effective date	Due date	Repayment status
13 China Coal MTN001	50.00	5.26	7 years	2013-07-25	2020-07-25	Interest paid and principal paid on due date
13 China Coal MTN002	50.00	5.60	7 years	2013-09-18	2020-09-18	Interest paid and principal paid on due date
15 China Coal MTN001	100.00	4.95	7 years	2015-06-18	2022-06-18	Interest paid while principal not due yet
19 China Coal Energy MTN001	50.00	4.19	5+2 years	2019-07-19	2026-07-19	Interest paid while principal not due yet
20 China Coal Energy MTN001A	15.00	3.28	5 years	2020-04-13	2025-04-13	Interest not yet due
20 China Coal Energy MTN001B	5.00	3.60	7 years	2020-04-13	2027-04-13	Interest not yet due
Total	270.00	–	–	–	–	–

As of 31 December 2020, the Company has paid the principal and interest of its other bonds and debt financing instruments by the agreed time. No default or delayed payment of principal and interest has occurred.

Management Discussion and Analysis of Financial Conditions and Operating Results

XII. CONTINGENT LIABILITIES

(I) Bank guarantees

As at 31 December 2020, the Group provided guarantees of RMB14.167 billion in total, of which guarantees of RMB11.086 billion were provided to the equity investment entities 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	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	Huajin Coking Coal Company Limited	3,525.50	28 March 2008	28 March 2008	20 December 2023	Joint and several liability	No	No	–	No	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	73,278.14	28 April 2013	28 April 2013	28 April 2025	Joint and several liability	No	No	–	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	134,808.30	19 December 2018	19 December 2018	18 December 2035	Joint and several liability	No	No	–	Yes	No	Other
China Coal Energy Company Limited	Company headquarters	Zhongtian Synergetic Energy Company Limited	844,992.18	25 May 2016	25 May 2016	As per agreement	Joint and several liability	No	No	–	No	Yes	Other connected parties
Shanghai Datun Energy Resources Company Limited[Note]	Controlled subsidiary	Fengpei Railway Company Limited	1,347.78	21 November 2013	21 November 2013	20 April 2024	Joint and several liability	No	Yes	651.78	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	5,000.00	25 November 2015	30 November 2015	1 September 2025	Joint and several liability	No	No	–	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Yan'an Hecaogou Coal Company Limited	14,000.00	2 February 2018	26 February 2018	2 February 2025	Joint and several liability	No	No	–	Yes	No	Other
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Wholly-owned subsidiary	Shaanxi Jingshen Railway Company Limited	31,600.00	26 July 2018	26 July 2018	25 July 2045	Joint and several liability	No	No	–	Yes	No	Other
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)													-202,207.48
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)													1,108,551.90
guarantee provided by the Company and subsidiaries to its subsidiaries													
Total guarantee to subsidiaries incurred during the reporting period													-108,942.00
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)													308,120.50
total guarantee of the Company (including those to subsidiaries)													
Total guarantee (A+B)													1,416,672.40
Percentage of total guarantee to net assets of the Company (%)													14.1
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)													3,525.5
Excess amount of total guarantee over 50% of net assets (E)													–
Total amount of the above three categories (C+D+E)													3,525.5
Explanations on the possible joint and several liabilities for liquidation in respect of the outstanding guarantee													–
Explanations on the guarantee													–

Note: As of 31 December 2020, the overdue loan principal under the guarantee amounted to RMB6.5178 million, and there existed default in interest payment. To further control losses from the guarantee, Shanghai Datun Energy Resources Company Limited entered into an agreement with China Construction Bank in January 2021 to assume the principal of RMB14.50 million for the guarantees of the master contract to the China Construction Bank on a one-off basis and did not assume any other expenses such as interests. Meanwhile, guarantee obligations were released while the priority of recourse right could still be exercised based on the counter-guarantee "Commitment Letter" issued by Fengpei Railway.

(II) Environmental protection responsibilities

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

(III) Contingent legal liabilities

For the year ended 31 December 2020, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there was no material litigation or arbitration pending or threatened against or involving the Group.

XIII. OTHER EVENTS

(一) 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
127,500	443.90	127,500	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	Actual profit	Actual recovery of return	Whether legal procedures are needed	Any entrusted loan plan in the future	Impairment provisions (if any)
Zhongtian Hechuang Energy Company Limited	Project loan	443.90	31 August 2020	31 August 2025	Treasury fund	National Demonstration project for the application of Internet-of-Things of mine safety production administration	–	4.75%	7.20	7.20	Actual Profit is recovered	Yes	No	–

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2020

The Company is a large-scale energy enterprise integrating businesses such as coal production and trading, coal chemical operations, coal mining equipment manufacturing and relevant services as well as pit-mouth power generation. The Company principally engaged in coal business with overall strength leading the industry due to its advanced technology for coal mining, washing and preparation of coal and comprehensive marketing and customer service networks. By optimising the industrial structure and vigorously developing new coal chemical operations, the Company has gained extensive experience in coal conversion, clean and efficient utilisation, and the Company's facility operational efficiency and main econotechnical indicators have stayed ahead in the industry, with a distinct low-cost competitive advantage. Centering on coal-power integrated development, the Company endeavored to develop power generation business with focus on pit-mouth power generation and thus benefited from the increasing advantage of the coal-power integration. By taking full advantages of the professional expertise in coal mining equipment, the Company has enriched its product structure, strove to improve the quality of products and services to consolidate the market share and extended the industry value chains of coal.

(1) Coal Operations

1. Coal production

In 2020, coal enterprises strove to overcome adverse effects. Despite of insufficient coal production in the first quarter, coal production enterprises optimised the relation between excavation, stripping and extraction and scientifically organised production to improve production efficiency and strengthen coordination of production, transport and sales, achieving a record high in annual coal output in recent years. Pingshuo Group took full advantage of its scale and high output and efficiency, continued to ramp up stripping to fully release the production capacity of open-cast coal mines, and maximised production, leading to a stable increase in coal output. Shanghai Energy Company and China Coal Huajin Company proceeded with the relocation of villages and coordinated processes of mining and tunneling, which laid a solid foundation for the continued stability of mine production. Northwest Energy Company strengthened production organisation and optimised its excavation process to improve efficiency, resulting in a record high in commercial coal output. During the reporting period, commercial coal output of the Company amounted to 110.01 million tonnes, of which thermal coal output was 98.94 million tonnes and coking coal output was 11.07 million tonnes.

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

Adhering to the development direction of "safety, efficiency, green, and intelligentizing", the Company focused on strengthening investment in research and development and vigorously promoted informatisation, automation and intelligence construction. A total of six intelligent coal mining working faces have been built, and four mines have been listed in the country's first batch of intelligent coal mine examples. The high output and efficiency of coal mine production were boosted by the accelerated conversion process of technological innovation achievements. Through the innovative intelligent mining technologies and equipment, technology and production were closely bonded together. During the reporting period, raw coal productivity of the Company was 36.9 tonnes per worker-shift, maintaining a leading level in the coal industry. The Company actively put the concept of green development into practice through promoting ecosystem restoration, building green mines and establishing leak-free plants.

2. *Coal sales*

In 2020, in the face of the huge impact of the COVID-19 outbreak and the severe challenges arising from the tempestuous coal market, the Company resolutely executed the major decisions and plans of the central government, earnestly fulfilled the responsibility for national energy security as a central state-owned enterprise, actively implemented measures to ensure supply and price stability, and strictly followed the mechanism in relation to medium to long-term contracts to ensure the stable development of the country's economy and society. The Company continued to reinforce the results of marketing system restructuring, strengthen the coal marketing management function, consolidate its advantages of industrialisation and promote the construction of the internal market to highlight the synergy stemming from segment integration. The Company continued to improve the coal marketing network, keep up with the market, strive for market expansion, optimise the customer and product structure, strengthen precise policy implementation and intelligent logistics construction and coordinate production, transport and sales, resulting in a rising regional market share and an all-time high in sales scale. China Coal Energy's branding advantage, market voice and influence were, therefore, further enhanced. The cumulative sales volume of commercial coal for the year was 265.44 million tonnes, representing a year-on-year increase of 14.8%. The trade receivable turnover days were curbed to within 10 days, representing an industry-leading operation quality.

Through mechanism and model innovation, multi-platform cooperation and expansion of its multi-purchasing sources, the Company further optimised its resources channels and supplier structure. As the proportion of million-tonne suppliers was greatly increased, the trade volume foundation of hundreds of million tonnes was further consolidated and the ability to supply high-quality coal continued to increase. During the whole year, the sales volume of proprietary coal trading reached 146.44 million tonnes, representing a year-on-year increase of 20.8%.

Sales volume of commercial coal (10 thousand tonnes)			2020	2019	Change (%)
(I)	**Domestic sales of self-produced coal**		**11,096**	10,176	9.0
	By region:	North China	**3,177**	2,839	11.9
		East China	**3,955**	3,856	2.6
		South China	**1,149**	1,011	13.6
		Others	**2,815**	2,470	14.0
	By coal type:	Thermal coal	**9,977**	9,143	9.1
		Coking coal	**1,119**	1,033	8.3
(II)	**Self-produced coal export**		**9**	19	-52.6
	By region:	Taiwan, China	**9**	19	-52.6
	By coal type:	Thermal coal	**9**	19	-52.6
(III)	**Proprietary trading**		**14,644**	12,127	20.8
	Of which:	Domestic resale	**14,502**	11,984	21.0
		Self-operated exports	**21**	35	-40.0
		Import trading	**121**	108	12.0
(IV)	**Agency sales**		**795**	806	-1.4
	Of which:	Import agency	**17**	139	-87.8
		Export agency	**95**	156	-39.1
		Domestic agency	**683**	511	33.7
Total			**26,544**	23,128	14.8

3. *Coal reserve*

Unit: 100 million tonnes

Major mining areas	Major coal type	Resource reserve	Recoverable reserve
Shanxi	Thermal coal	44.24	24.56
	Coking coal	19.91	9.57
	Anthracite	9.13	4.77
Inner Mongolia	Thermal coal	88.23	55.22
Heilongjiang	Thermal coal	3.09	1.36
Jiangsu	Thermal coal	6.07	2.22
	Coking coal	1.20	0.35
Shaanxi	Thermal coal	51.78	35.29
Xinjiang	Thermal coal	6.55	3.85
Total	–	230.20	137.19

In 2020, resource reserve utilised amounted to 167 million tonnes and resource reserve verified to decrease amounted to 154 million tonnes. Pursuant to the requirements of the latest mining standards of the PRC and relevant documents, each mining right owner was organising and commencing the data conversion for coal resource reserve under new and old classification standards. As of the end of 2020, the Company's coal resource reserve with mining rights amounted to 23.02 billion tonnes and recoverable reserve amounted to 13.719 billion tonnes.

(2) Coal Chemical Operations

The process for manufacturing the Company's major coal chemical products starts with the gasification of coal as a raw material into synthetic gas ($CO+H_2$), which is then purified to produce synthetic ammonia or methanol. Synthetic ammonia and carbon dioxide are used to produce urea. Through the MTO reaction, methanol is turned into ethylene and propylene monomers, which are polymerised to form polyethylene and polypropylene. In 2020, in the face of the negative impact caused by the COVID-19 outbreak and the sharp decrease in international oil prices, the Company took the initiative in optimising production organisation to maintain the safe and stable production of coal chemical products. The Company coordinated overhaul management and improved work cooperation, continued to promote the refined management of equipment and pushed ahead its operation system in compliance with the requirements of "work safety, stable production, long-period operation, fully-loaded operation and producing quality products". The Company sought to reduce costs and consumption and enhance quality and efficiency in every aspect of production, technology and management to further increase the productivity of coal chemical products. Through measures such as operation optimisation, technological transformation and management enhancement, the coal chemical operation was lifted to a higher level.

The Company has established three dedicated coal chemical research institutes to construct an innovative platform, speed up the training of key technical personnel and constantly improve technological innovation capabilities. The Company worked on product differentiation and product chain extension based on its existing process to fulfil the national strategic requirements to ensure food security and strengthen the protection of cultivated land. The production of 102,000 tonnes of urea granules containing polyglutamic acid created a value of RMB6.98 million. The Company produced and developed modified polyolefin products in accordance with the market-oriented principle. The production of 114,000 tonnes of various polyolefin products during the year created a value of RMB27.70 million, which increased the core competitiveness of the Company's coal chemical products.

Business Performance

The Company implements centralised management for the sales of coal chemical products, and conducts centralised sales and sales on advanced payment basis. In 2020, the Company overcame unfavourable factors such as significant price fluctuations and choppy logistics. By flexibly adjusting marketing strategies, optimising customer structure, strengthening quality management and after-sales service, actively seeking preferential freight prices from third parties, and making reasonable arrangements for front-end warehouses, the Company managed to sell all the coal chemical products manufactured. During the year, the accumulated sales volume of polyolefin, urea and methanol amounted to 1.474 million tonnes, 2.248 million tonnes and 688,000 tonnes, respectively, and a payment recovery rate of 100% was achieved. The Company focused on enriching product structure and steadily expanding the scale of proprietary trading of chemical products, for which 141,000 tonnes of products were procured and sold, realising a sales revenue of RMB1.02 billion. The Company actively fulfilled social responsibilities. It switched to produce anti-epidemic supplies, organising the production and sales of more than 27,400 tonnes of polypropylene raw materials during the year; the Company also went all out to satisfy the needs of spring ploughing and more than 600,000 tonnes of urea were rolled out to ensure sufficient supply.

Production and sales volume of self-produced coal chemical products (10 thousand tonnes)	**2020**	2019	Change (%)
(I) Polyolefin			
1. Polyethylene: Production volume	**74.3**	74.5	-0.3
Sales volume	**74.5**	75.2	-0.9
2. Polypropylene: Production volume	**72.1**	70.8	1.8
Sales volume	**72.9**	69.8	4.4
(II) Urea			
1. Production volume	**188.6**	199.1	-5.3
2. Sales volume	**224.8**	229.1	-1.9
(III) Methanol			
1. Production volume	**69.0**	94.6	-27.1
2. Sales volume	**68.8**	95.8	-28.2

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

2. The methanol sales volume of the Company includes internal consumption volume.

(3) Coal Mining Equipment Operations

The Company continuously optimised the organisation of production to realise the close connection and linkage between technology, procurement, production and outsourcing. Production efficiency was thus greatly improved. The cumulative value of coal mining equipment for the year amounted to RMB8.7 billion, representing a year-on-year increase of 6.7%. The Company deeply explored the coal machine market by timely tracking changes in the market situation, seizing valid orders and constantly increasing the marketing scale and efficiency to consolidate the market share of leading products. New contract value for the year increased by 4.8% year-on-year. The Company continued to promote non-coal and transformation products. The operations of non-coal chains, water treatment, modified vehicles, drilling equipment, refuse collection vehicles and other non-coal products as well as tunnel boring machines, wind power maintenance and other transformation equipment continued to expand. The Company strove to build a marketing structure for diversified products and continued to expand market boundaries. Revenue from accessories and non-coal business accounted for 43% of the total.

	Production value (RMB100 million)			**Sales revenue (RMB100 million)**	
Coal mining equipment	**2020**	2019	Change (%)	**2020**	Percentage of sales revenue of the coal mining equipment segment (%)
Main conveyor products	**37.5**	34.9	7.4	**37.7**	42.2
Main support products	**31.5**	28.5	10.5	**30.1**	33.7
Others	**18.0**	18.1	-0.6	**21.6**	24.2
Total	**87.0**	81.5	6.7	**89.4**	–

Notes: 1. The sales revenue in the table represents the sales revenue of the coal mining equipment segment before netting of inter-segmental sales.

2. The production value (revenue) of main products includes the production value (revenue) of related accessories and services. The revenue of others includes part of the trade revenue.

(4) Financial Service Operations

Building on its own business development and the whole industry value chain for coal business, the Company proactively gave full play to the advantages of capital management mechanism of Finance Company and the uniform digital finance platform information technology, so as to push forward development of the Company with high quality. The Company dynamically captured the pattern of capital flow, accurately analysed interest rate trend of the market, timely optimised and adjusted its allocation strategy of the interbank deposit category and term, and greatly enhanced effective management of its capital. By way of continuously digging deep into the Company's internal financial demands and innovative methods of digital financial platform functions and financial service, the Company established its advantages of a full-range bill business chain, including bill acceptance, discount, rediscount, buy-out and repurchase rediscount, and thus enhanced its financial service capability. In 2020, more than 930 bills were discounted, with a discount amount of RMB3.39 billion and daily average self-operated loans amount of RMB13.20 billion. At the end of 2020, deposits absorbed amounted to RMB35.83 billion and the placement of interbank deposits amounted to RMB25.00 billion, all hitting the highest level in the history.

Financial operations (RMB100 million)	**2020**	2019	Change (%)
Scale of deposits absorbed	**358.3**	285.8	25.4
Placement of interbank deposits	**250.0**	169.4	47.6
Daily average scale of self-operated loans	**132.0**	117.6	12.2

(5) Synergy among Business Segments

The Company fully capitalised on the advantages of integrated coal, power and chemical industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. In 2020, the power plants and chemical enterprises of the Company jointly promoted clean utilisation and conversion of coal, and consumed 5.87 million tonnes of self-produced low calorific value coal in total. The coal chemical projects in the regions of Inner Mongolia and Shaanxi exerted more efforts into local transformation of self-produced coal and purchased 3.17 million tonnes of coal from surrounding coal mines of the Company. The coal mining equipment business segment achieved internal product sales and services revenue of RMB1.2 billion, representing 13.3% of the total sales revenue of the segment. For the finance segment, newly issued internal loans amounted to RMB5.26 billion in aggregate and the amount of internal loan as at the end of the year was RMB7.59 billion, offering financing convenience with rich varieties, quality service and efficient approval process. Hence, financing costs have been lowered and a total of finance expenses amounting to RMB400 million have been saved.

II. ANALYSIS OF CORE COMPETITIVENESS

The Company's core business segments focus on coal, coal chemical, power generation and coal mining equipment. Leveraging on bases located in Shanxi, Inner Mongolia, Shaanxi, Jiangsu, Xinjiang, etc., the Company is dedicated to becoming a world first-class clean energy supplier and an integrated energy service provider with global competitiveness.

The principal coal business of the Company has distinctive scale advantages with its leading technologies and techniques in coal mining, washing, preparation and blending in the industry. The production costs of the coal mines are lower than most of the coal enterprises in China. The Company boasts abundant coal resources. 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 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 located is the production base of high-quality anthracite in the PRC. The Company's coal key construction projects have achieved progress smoothly. Muduchaideng Coal Mine and Nalin River No.2 Coal Mine have conducted completion acceptance, and other projects such as Dahaize Coal Mine and Libi Coal Mine all progress steadily and orderly. It is the professional and sophisticated management mode, the capable and efficient production mode, the scale merit of cluster development, the high quality and abundant coal resources and coordinated development of the industry chain that constitute the core competitive advantages of the Company.

The Company focuses on coal power generation and coal chemical to continuously promote industrial structure optimization, and strives to establish a new circular economic business line for coal, power, chemical, etc. In terms of coal chemical business, the equipment maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products", and the indicator of unit consumption and a number of other indicators are at the forefront of the industry; the Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas located in Inner Mongolia is progressing steadily, which will supply methanol raw materials for Mengda Chemical Company after completion, further perfecting the regional industrial chain. In terms of coal-power business, the Company is vigorously pushing forward low calorific value coal and pit-mouth power generation projects. The 2×350MW thermal power project for Shanghai Energy Company has conducted completion acceptance, the project of the Second Power Plant 2×660MW located in the north of Wucai Bay, Zhundong, Xinjiang has been formally connected to the grid, and the 2×350MW low calorific value coal power generation project in Antaibao has commenced construction.

The Company is one of the largest coal traders in the PRC with branches in major coal consumption regions, transshipment ports and major coal import regions of the PRC. Capitalising on its own marketing network of coal sales and logistics system, well-established port service and high-calibre professional teams, the Company is able to provide customers with high quality services with excellent capabilities for market exploration and distribution.

Business Performance

The Company is the only large-scale energy enterprise in China, or even in the world, which is able to engage in manufacturing coal mining equipment, coal mining, washing, preparation and processing, logistics and transportation as well as provision of systematic solution, with the advantages of the whole industry chain for coal business.

The Company insists on innovation-driven growth and became the leader of the industry. The Company establishes equipment research institutes and institute of coal chemical engineering, constructs gas treatment centers as well as rock burst prevention and water control research centers in its mining areas, and witnesses a significant boost to its technology R&D capabilities and innovation. As a result, the Company has made major breakthroughs in a series of key technologies, and has achieved success in green coal mining, intelligent development and low-cost mining. The Company steadily advances the development of new coal chemical products and establishes a solid foundation for enterprises to reduce their energy consumption and expand their market. The Company also aims at smart, high-end and non-coal development for coal machinery equipment, meeting market demands as well as needs of corporate transformation development, and dramatically enhancing its corporate core competitiveness.

The Company adheres to the cultural concept of "harmony", continuously improves its enterprise management system and keeps providing an institutional environment for development and growth. 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. By being committed to building the "harmony" culture, creating a harmonious atmosphere and promoting the construction of the "harmony" culture of "respect and inclusion, trust and support, united minds and actions, and harmonious development", the Company has established a good corporate image and concentrated cohesive staff.

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

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

With the effective control of the COVID-19 pandemic and the stable recovery of the economy in the PRC, the demand for coal increased slightly on the back of the renewed demand for electricity, cement and building materials and related products. According to the data published by the China Coal Transport and Distribution Association, total national coal consumption in 2020 was 4.047 billion tonnes, representing an increase of 12% year-on-year. As the supply-side reform continued to deepen, the coal industry in the PRC had shifted from "total capacity reduction" to the stage of "structural capacity reduction and systematic capacity optimisation" and saw a constant ramp-up in premium coal production capacity. According to data published by the National Energy Administration, the coal production of enterprises above designated size nationwide in 2020 was 3.84 billion tonnes, representing a year-on-year increase of 0.9% which was 3.1 percentage points lower than the increase in the previous year. Following the reorganisation and integration of local coal enterprises, the controllability of supply improved gradually as the concentration of the industry continued to increase. After the integration, the specialised major state-owned coal enterprises would become more competitive and influential in the market. As obsolete production capacity is being phased out amid the current supply-side reform, the constant optimisation of the capacity structure and the significant improvement in the supply system will usher in new opportunities and challenges for major state-owned coal enterprises.

According to statistics from relevant industry associations and the customs, domestic urea production in 2019 reached 54.812 million tonnes, representing a year-on-year increase of 5.3%, whereas urea exports amounted to 4.945 million tonnes, with apparent consumption of the same increasing by 0.5% year-on-year to 50.05 million tonnes. With the advancement of policies on national food security and fertiliser reduction and efficiency enhancement, supply and demand in the fertiliser industry increased simultaneously, bringing both positive and negative factors into play. In 2020, domestic polyolefin production was 45.86 million tonnes, representing a year-on-year increase of 13.8%, while imports amounted to 25.20 million tonnes, with apparent consumption of the same rising by 14.2% year-on-year to 68.29 million tonnes. Affected by the pandemic, the polyolefin industry was suppressed before showing an uptick. As economic stimulus policies rolled out and the demand for anti-epidemic supplies increased, the supply and demand dynamics in the polyolefin market improved in general. With the orderly recovery of domestic and international economies, the business environment for novel coal chemical enterprises eased up to some extent. As one of the basic organic chemical raw materials, methanol saw significant price drops due to the plunge in international oil prices. The glut intensified in the first half of 2020. In the third quarter, due to the reduction in imports resulted from the curb on international output and the slow recovery of the downstream segment in the country, the glut was alleviated, leading to a marked improvement in the profitability of coal (methanol)-to-olefins enterprises.

During the "13th Five-Year Plan" period, green development was the focus of the power industry in the PRC. As the adjustment of the power supply structure continued to deepen and the structure of thermal power units continued to improve, the proportion of supercritical and ultra-supercritical coal-fired units increased. In 2020, power consumption across the country experienced a decline before going up, with an uptick for the whole year. According to the data published by the China Electricity Council, total electricity consumption of the country for the whole year was 7.5 trillion KWh, representing a year-on-year increase of 3.1%. Electricity generation of the country was 7.6 trillion KWh, representing a year-on-year increase of 4.0%, among which 5.2 trillion KWh of electricity were generated with thermal power, representing an increase of 2.5% year-on-year and accounting for 67.9% of national power generation. As at the end of 2020, the installed capacity of power plants nationwide was 2.2 billion KW, representing a year-on-year increase of 9.5%, among which 1.25 billion KW came from thermal power plants, accounting for 56.6% of the total installed capacity. The average utilisation of power generation equipment throughout the year was 3,758 hours, representing a year-on-year decrease of 1.9%, among which the average utilisation of thermal power equipment was 4,216 hours, representing a year-on-year decrease of 2.2%. In view of the economic recovery at the moment, electricity consumption of the whole country is expected to continue to grow, and the electricity market is expected to stabilise and recover.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

2021 marks the start of the "14th Five-Year Plan" period, when the national economy is going to build on a new development pattern. Driven by the "double cycle" strategy and the ramp-up of new infrastructure, growth of the macroeconomy will resume at a faster pace, ushering in a rebound in domestic energy consumption growth. Benefiting from the orderly release of premium coal production capacity under the supply-side reform and the policy adjustments to imported coal, coupled with the continuous advancement of the production, supply, storage and sales systems at the policy level and the further improvement and implementation of the mechanism in relation to medium to long-term contracts, the basic circumstance of "tight balance" between supply and demand in the coal market is expected to continue. New dynamics will be formed gradually amid the rising coal demand, the release of new production capacity and high coal prices. At present, coal consumption still accounts for a large proportion of the country's total energy consumption. Therefore, coal will still play a dominant role. Given the proposed "Carbon Emissions Peak" and "Carbon Neutrality" targets and the faster development of a low-carbon economy, adjustment to the energy structure is set to accelerate. Growth in coal consumption and demand may slow down gradually. However, the significance of coal as the basic energy source of the PRC will not be shaken for the while.

The prospects for the novel coal chemical industry, which is closely related to the coal industry, are bright. For the urea sector, domestic and foreign urea production capacity and output are poised to increase, and the competitiveness of exports from the PRC will gradually decline. However, due to the COVID-19 pandemic, governments of various countries attach great importance to food security. Food reserve remains high. The rising prices resulting from tight global food supply drive the growth of demand for fertilisers as well as the prices of urea and other products. For the polyolefin sector, the plastics industry in the PRC is in a critical period of transition from high growth to a mature industry and towards the mid to high-end market. The plastics industry will have new development opportunities and a new business environment. With the promotion of urbanisation and the internal circulation of the economy, the demand for pipes, rotational moulds, medical protective products and fast-moving consumer goods will see faster growth. The trends of "plastics for steel" and "plastics for wood" offer great potential for the plastics industry, which can support the price of polyolefins to a certain extent. For the methanol sector, domestic and foreign production capacity continues to expand, and the capacity in the PRC is dominated by the coal-to-methanol process. As for downstream demand, the coal (methanol)-to-olefins process will continue to be the largest area of consumption. With the gradual recovery of the domestic economy and the uptick in international oil prices amid fluctuations, the price range of methanol in the PRC is expected to edge up.

In terms of energy structure, with the deepening of the low-carbon development energy policy in the PRC, the continuous advancement of power system reforms and the faster transition of the source of electricity, carbon emissions peak and carbon neutrality will become the main targets in the battle against pollution during the "14th Five-Year Plan" period. Increments in installed capacity and electricity consumption nationwide will be dominated by new energies such as wind power and photovoltaics. Total installed capacity of wind power and photovoltaics will exceed 1.2 billion KW by 2030. Meanwhile, the establishment of a national carbon emission rights trading market will commence in 2021, which will subject more than 2,000 domestic coal-fired power enterprises to carbon emission quotas. The role of coal-fired electricity is transforming from a main energy source to a basic and supplemental power source. The proportion of coal-fired installed capacity will decline, but the significance of coal-fired electricity in the power structure will remain unchanged for the while.

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2021

In 2020, the Company spared no efforts in overcoming adverse factors such as the pandemic, continuously optimised production structure, focused on enhancing production efficiency, strengthened the coordination among production, transportation and sales, strived to explore the market, greatly improved quality and efficiency, and fully underwent reform, thereby achieving sound operating results. The Company surpassed its annual production and operation plan, with a commercial coal output of 110.01 million tonnes; sales volume of self-produced commercial coal of 111.05 million tonnes; polyolefin output of 1.464 million tonnes and polyolefin sales volume of 1.474 million tonnes; urea output of 1.886 million tonnes and urea sales volume of 2.248 million tonnes. The Company recorded a revenue of RMB141.0 billion, representing a year-on-year increase of 9%. The unit cost of sales of self-produced commercial coal amounted to RMB311.88/tonne, representing a year-on-year decrease of RMB21.15/tonne. The profit attributable to the equity holders of the Company amounted to RMB5.351 billion, representing a year-on-year decrease of 13.7%.

Business Performance

In 2021, adhering to the main principle of progression with stability and focusing on further supply-side structural reform, the Company will, based on reform and innovation, deepen corporate reform, strengthen technology innovation, optimise deployment and structure, foster transformation and upgrade, prevent and resolve material risks, and strive to enhance profitability. On the premise that there will be no material changes to the markets, the annual production and sales volumes of self-produced commercial coal, polyolefin products and urea are planned to achieve more than 105.00 million tonnes, more than 1.40 million tonnes and more than 2.00 million tonnes, respectively. The Company will continue to increase efforts to reduce costs and increase efficiency, reasonably control the selling cost of major products, and strive to maintain its revenue size and profitability. The Company will focus on the following tasks:

Firstly, the Company will spare no effort to stabilise production and increase sales. By continuously facilitating the optimisation of production deployment and system of coal mines, the Company aims to realize centralised and efficient production to stabilise coal production volume. The Company will enhance management of coal chemical processes to maintain the "work safety, stable production, long period operation, fully-loaded operation and producing quality products". Through continuous enhancement of market structure construction and putting comprehensive coverage of marketing network into full play, the Company will further lift up its optimisation, integration and marketing capability for coal resources in high regions, while focusing on increasing its profitability and efficiency.

Secondly, the Company will continue to reinforce safety management, keep on increasing investment on safety, constantly optimise systems and projects, greatly commence equipment upgrade, comprehensively improve ability to ensure security, strive to enhance the quality of safety, and resolutely ensure safety production.

Thirdly, the Company will emphasise on strengthening cost control. By continuously increasing quality and efficiency and mobilising all staff to enhance efficiency, the Company will reinforce target-oriented management, maintain stringent cost control, and constantly develop its quality and effectiveness.

Fourthly, the Company will continue to improve the industry chain level, seize the opportunity of domestic big circulation as the main body and domestic and international double circulation policy, accelerate the integration of coal, power and chemicals, conduct scalable development and work on upgrading the industry chain. Accelerating the deployment and development of new energy industry, the Company will foster the mutual compliment and synergy between new energy industry and its existing major businesses.

Fifthly, the Company will strive to promote reform and innovation, continue to advance the reform of its organisation and mechanisms, consolidate the Three System Reforms, and continuously stimulate corporate vitality. The Company will emphasise on technology innovation, enhance the construction of innovation ability, and accelerate the development of new energy.

Sixthly, the Company will firmly proceed the construction of key projects. The Company will focus on the management of the key parts of infrastructures construction, so as to speed up the construction of its existing key projects, exemplify the advantage of industry synergy and professional management, while significantly facilitating the preliminary works for projects.

Seventhly, the Company will effectively prevent and control material risks. With focus on reinforcing safety and risk control while continuously optimising the dual-prevention mechanism for safe production, the Company is dedicated to realising safety production. The Company will deepen the implementation of normalised pandemic prevention deployment to effectively prevent pandemic risk. Insisting on the problem-oriented, target-oriented and result-oriented strategy, the Company will effectively prevent operation risk arising from changes in external environment. The Company will enhance fund raising and financing management, reasonably control liability scale, and secure the safe and effective turnover of the fund chain. The Company will continue to enhance the governance of ecological and environmental protection, speed up the inspection and rectification of ecological and environmental issues, comprehensively complete the national goals and missions on energy conservation and ecological and environmental protection, and effectively control environment risk.

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

VI. ENVIRONMENTAL POLICIES AND PERFORMANCE

Guided by Xi Jinping’s thoughts on ecological civilization, the Company diligently follows national laws, regulations and policies on resources conservation and environmental protection, and consciously practices the core vision of green development. The Company has also insisted on green-oriented strategies, relied on green technology, been led by green culture, and exerted great efforts on green mining, clean utilisation and efficient conversion of coal. The Company has continued to optimise the industrial structure and vigorously pursue scientific exploration, efficient use of resources, clean production techniques and ecological environment protection in the mining areas to comprehensively construct a “Green China Coal”.

Promoting green coal development. The Company has established a safe and highly efficient green mining technology system and promoted various green mining technologies such as mining without coal pillars, mining with small coal pillars, backfill mining and co-mining of coal and gas, where possible based on the specific conditions, to achieve exploiting coal resources to its fullest extent. The Company has also strived to pursue zero transportation of gangue out of the underground and zero emissions of gangue, further improved the processing capacities of raw coal washing and preparation, and effectively reduced the ash content and sulphur content of coal to provide the society with premium clean energy. Moreover, the Company has actively developed circular economy in the mining areas, vigorously carried out coal gangue power generation, underground backfilling, subsidence area treatment and land reclamation, comprehensive utilisation of mining water, mining gas and associated resources supplied by the coal system, and construction of green mines with high standards to achieve win-win harmony between the local area and enterprises. In 2020, the Company’s recovery rate of mining area of coal mine, integrated energy consumption of raw coal production, comprehensive utilisation rate of mining water, and integrated utilisation rate of coal gangue continued to keep ahead in the industry.

Building new advanced coal chemical projects. In accordance with the principles of "clean and efficiency, water measuring, construction along coal mines, and intensive development", the Company has adopted the most advanced coal gasification technology as well as the strictest energy conservation and environmental protection standards, to vigorously develop a new form of coal chemical industry with highly efficient conversion, energy and water conservation, and ultra-low emissions, effectively improving coal-based polygeneration levels and added value of products. The unit consumption in coal to olefin products has maintained a leading position in China, while the unit consumption in methanol to olefin process in DMTO equipment and the construction of factory have reached an advanced level within the industry. The Company has built deep treatment facilities for coal chemical waste water to a high standard, and all coal chemical enterprises in Inner Mongolia and Shaanxi managed to achieve zero discharge of waste water.

Developing clean and green electricity. In accordance with the principles of pit-mouth project establishment, clean and efficient utilisation, recycling and concentrated development, combined with the conditions of resources within the mining area, environmental capacity, and delivery channels, the Company has adopted the advanced power-saving, water-saving and environmentally-friendly power generation techniques to construct large-scale pit-mouth coal-fired power plants and low-calorific value coal power plants, significantly increasing the on-site transforming ratio of coal and achieving integrated and synergetic development of coal and power integration. The Company has actively promoted processes such as the ventilation optimisation of steam turbine and upgrading for parameters of chemical and mechanical sets, and promoted comprehensive upgrading on energy conservation and emission reduction and the modification for ultra-low emission at coal-fired power plants, so as to further enhance the clean and efficient utilisation of coal power. All the Company's utility coal power plants have achieved ultra-low emission.

Promoting the manufacturing of green coal mining machinery. The Company adheres to its technological innovation and technical cooperation, focused on promoting the integration of information and industrial technologies, actively promoted large-scale, high-end and smart coal machinery equipment and continuously strengthened its technology assets and research and development of product, and in turn procured the localisation of advanced technical equipment and internationalisation of critical technical equipment. The Company has actively adopted advanced manufacturing technologies such as digital manufacturing, high-speed cutting and rapid prototyping and actively promoted intelligent coal mining robots, complete sets of technical equipment for mining without coal pillar, and rapid excavation supporting techniques. The Company also continues to optimise and improve manufacturing techniques to further reduce material consumption, energy consumption, water consumption and emissions of major pollutants, with a focus on establishing a brand of green coal machinery featuring high efficiency, environmental protection and low consumption.

VII. COMPLIANCE WITH LAWS AND REGULATIONS

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

With respect to its operations, the Company is subject to various laws and regulations, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Coal Industry Law of the People's Republic of China, the Mineral Resources Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, the Circular Economy Promotion Law of the People's Republic of China, the Law of the People's Republic of China on Evaluation of Environmental Effects, the Law of the People's Republic of China on Promoting Clean Production, etc., as well as other applicable regulations, policies and normative legal documents issued pursuant to or related to such laws and regulations, for example, Guidance on Establishing Independent Directors System in Listed Companies and Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders. The Company 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 Company 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 Guidelines of the Shanghai Stock Exchange on Connected Transactions of Listed Companies, 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 Group 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 2020, the Company did not have any substantial disputes with its suppliers and/or clients.

Capital Expenditure

I. PERFORMANCE OF CAPITAL EXPENDITURE BUDGETED FOR 2020

(1) Capital Expenditure

In 2020, 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 of fixed assets, small-scale construction, renovation and maintenance, equity investment and other capital expenditures. The total capital expenditure budgeted for 2020 was RMB13.666 billion, of which RMB10.411 billion or 76.18% was invested during the reporting period.

Performance of Capital Expenditure Budgeted for 2020 (By Item)

Unit: RMB100 million

Items of capital expenditure	Actual investment in 2020	Budgeted investment in 2020	Investment percentage (%)
Total	**104.11**	136.66	76.18
Infrastructure projects	**80.49**	100.78	79.87
Procurement of fixed assets, small scale construction, renovation and maintenance	**15.46**	27.76	55.69
Equity investment	**3.16**	3.12	101.28
Other capital expenditures	**5.00**	5.00	100.00

Performance of Capital Expenditure Budgeted for 2020 (By Business Segment)

Unit: RMB100 million

Business segment	Actual investment in 2020	Budgeted investment in 2020	Investment percentage (%)
Total	**104.11**	136.66	76.18
Coal	**83.10**	103.83	80.03
Coal chemical	**17.51**	26.72	65.53
Power generation	**2.53**	3.60	70.28
Coal mining equipment	**0.64**	2.13	30.05
Other	**0.33**	0.38	86.84

(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 2020, the investment was RMB2.669 billion, with the cumulative investment of RMB8.925 billion. The project has been granted approval and has obtained mining rights licenses. Currently, the project is under construction.

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 2020, the investment was RMB562 million, with the cumulative investment of RMB1.727 billion. The project has been granted approval and has obtained mining rights licenses. Currently, the project is under construction.

With a total investment of RMB3.197 billion, the Antaibao 2×350MW low calorific value coal power project was designed to have a capacity of 2×350MW. In 2020, the investment was RMB192 million, with the cumulative investment of RMB341 million. The project has been granted approval. Currently, the project is under construction.

With a total investment of RMB5.013 billion, the technological transformation project of annual methanol output of 1 million tonnes from synthetic gas of Ordos Energy Chemical Company was designed to have a capacity of methanol output of 1 million tonnes/year. In 2020, the investment was RMB1.502 billion, with cumulative investment amounting to RMB3.956 billion. The project filing was completed. Currently, the project is under construction.

II. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2021

Tapping into a new stage of development, adhering to the new development concept and constructing the deployment for new development, the Company will firmly insist on the master principle of making progress amid stability. The Company will regard promotion of quality development as its focus, deepening of supply-side structural reform as its main task and reform and innovation as its driving force. The Company will act in a strategy-based and target issue-oriented manner, putting effectiveness on its priority and acting within its competence. With deepened implementation of principles such as "reform to delegate power, streamline administration and optimise government services", the Company will arrange capital expenditure strictly, and mainly invest in coal, coal chemical and power generation industries.

The Company's capital expenditure budgeted for 2021 is RMB11.789 billion, representing a decrease of RMB1.877 billion or 13.73% as compared with that of 2020. Out of the capital expenditure budget stated above, RMB8.241 billion will be invested in infrastructure projects; RMB2.492 billion will be invested in the procurement of fixed assets, small scale construction, renovation and maintenance; RMB351 million will be invested in equity investment; and RMB705 million will be invested in other capital expenditures.

Capital Expenditure

Capital expenditure budget by business segment:

Unit: RMB100 million

Business segment	Budgeted investment in 2021	Actual investment in 2020	Increase/decrease in budgeted investment in 2021 compared with actual investment in 2020 (%)	Percentage of total (%)
Total	**117.89**	104.11	13.24	100.00
Coal	**90.46**	83.10	8.86	76.73
Coal chemical	**12.22**	17.51	-30.21	10.37
Power generation	**10.58**	2.53	318.18	8.97
Coal mining equipment	**2.54**	0.64	296.88	2.16
Other	**2.09**	0.33	533.33	1.77

The major equity investment projects in 2021 include payment for integrating local coal mines in Pingshuo East Open Pit Mine and capital of the Second Power Plant located in the north of Wucai Bay in Zhundong, Xinjiang. In 2021, the Company will arrange reasonable scale and pace of financing according to the needs of production and operation, and the budgeted capital expenditure. Detailed arrangements will be made with reference to the actual conditions of the Company.

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

III. CORPORATE DEVELOPMENT STRATEGY

Mid-and-long-term development strategy is as follow: The Company aims to build up its position as a world-class clean energy supplier and an integrated energy service provider with relatively strong international competitiveness. The Company will also strive to become a leader in green and safe production, a fugleman of clean and highly-efficient utilisation and a practitioner of providing high quality services, to maximise the interests of enterprise as well as the employees, the Shareholders and the society.

Capital Expenditure

Development Direction is as follow: The Company will adhere to the new energy safety strategy and the "30·60" peaking carbon dioxide emissions and achieving carbon neutrality energy development goals in new era. According to strategic demands of being "a clean energy supplier and an integrated energy service provider" and focusing on quality and efficiency, the Company will strive to establish a new circular economic business model for coal, power and chemical, and to build a new pattern for coordinated regional development featuring "full function, customised differentiation and complementary advantages" to correctly deal with the critical relationships between short-term and long-term, reform and stability, as well as management control and vitality. The Company is committed to taking forward 5 key tasks which include safety and stability, quality and efficiency improvement, transforming and upgrading, reforming and adjusting, as well as consolidating the foundation. The Company will actively implement the vision for innovative, coordinated, green, open and inclusive development.

Development direction for main industries is set out below:

In terms of Coal Industry: The Company will focus on promoting clean and efficient development of coal business. The Company will vigorously promote the construction of integrated projects of coal, power generation and chemical to enhance the coal production efficiency, to increase the on-site transforming ratio of coal and to highlight the advantage of scale and intensive development. By leveraging elements including the endowment of coal resources, market location and environmental capacity, the Company will develop the large-scale coal bases in Inner Mongolia-Shaanxi and Shanxi, etc. with differentiation so as to realise the transformation from scale-and-speed- oriented mode to quality-and-efficiency-oriented mode.

In terms of Coal Chemical Industry: The Company will adopt the advanced coal gasification technology and energy saving and environmental protection standards to focus on constructing the large-scale coal chemical bases in Inner Mongolia-Shaanxi and Shanxi, etc. The Company will steadily promote the upgrading model projects of coal-based new materials, chemical fertilizer and new energy and strictly control the energy consumption, water consumption and emission of pollutants, strive to cluster the project, expand the production scale and refine the products. The Company will increase the standard of multi-production by coal bases and added-value of coal-based products so as to realise the development of refined and high-end coal chemical.

In terms of Power Generation Industry: Focusing on the nine 10-million-kilowatts large-scale coal power generation bases in Ordos, north Shanxi, north Shaanxi and Zhundong, etc., and integrating with the resources, environmental capacity and power transmission channels in the coal mining areas, the Company will adopt the most advanced power-saving, water-saving and environmentally-friendly power generation techniques and focus on constructing the large-scale pit-mouth coal fired power plants and low calorific value coal power plants in Shanxi, Xinjiang and Jiangsu, etc., so as to enhance the value chain of the coal power generation industry and to achieve integrated and synergetic development of coal and power generation.

Capital Expenditure

In terms of Equipment Manufacturing Industry: By grasping the strategic opportunity of international resource cooperation and reacting to the "Made-in-China 2025" Strategic Plan, the Company will deepen the reform on the management system and adhere to its technological innovation and technical cooperation. Besides, the Company will also focus on boosting in-depth integration of equipment manufacturing with new information technology including IOT, big data, cloud computing, etc. The Company will vigorously promote big scale, high-end and smart equipment manufacturing, strengthen its technology reserve and research and development of products and in turn procure the localisation of leading technology and equipment and the internationalisation of significant technology and equipment in respect of coal mines. The Company will seek to speed up the equipment manufacturing in a move to make transformation from a production-oriented mode into production-and-service-oriented mode and to position itself as an equipment manufacturing service provider with relatively strong international competitiveness.

In terms of New Energy Industry: Adhering to the implementation of "30·60" peaking carbon dioxide emissions and carbon neutrality, the Company will organise the resources endowment, construction conditions as well as market consumption and acceptance of the concentrated areas of coal, power generation and chemical industries and other suitable areas. The Company will accelerate the deployment and construction of wind power and photovoltaic projects, while accelerating the integration of wind power, photovoltaic, fire and reserve via various means such as self-investment and construction, merger and acquisition and joint venture and cooperation. With compliment, coordination and synergy with the existing major businesses, the scale development of clean energy will be promoted.

Development Goal is as Follows: The Company will strengthen and optimise major business segments through internal growth and external expansion. The Company will increase the scale of operation year-by-year and remain sound profitability to gradually form a development pattern with significant economies of scale of major business segments, prominently synergetic effect of industries and stronger capabilities in sustainable development and risk resistance, which will lay down a solid foundation for the Company to become a globally-competitive world-class clean energy supplier and integrated energy service provider.

Technological Innovations

In 2020, China Coal Energy attached great importance to technological innovations. The Company insisted on innovation-driven development, put innovation at the centre of corporate development, continuously promoted all-round innovation with technological innovations as the core, and made significant progress in various tasks.

I. INSIST ON INNOVATION-DRIVEN DEVELOPMENT AND STEP UP RESEARCH ON CORE AND KEY TECHNOLOGIES

In 2020, China Coal Energy closely followed the "safe, efficient, green and intelligent" development direction, worked on key areas, made up for its shortcomings, strengthened its weaknesses and emphasised practical results. The Company speeded up the development of core and key technologies and the research into founding theories and achieved new breakthroughs in advantageous areas and key technologies, resulting in increasingly prominent advantages in leading the industry development.

First, the Company stepped up foundation research to facilitate the advancement in the founding theories of production safety. By strengthening industry-academia-research cooperation, the relation between time and space of coal caving discovered through the research into the "intelligent top coal caving theoretical method for coal mines", laid a solid theoretical foundation for intelligent mining. The research into the "continuous beam support theory" clarified the relation between bolt support strength and roof disturbance, discovered the temporal and spatial characteristics of roof stability under different empty roof distances, and revealed the determining factors affecting the roof stability of coal mines. The research results were applied to the deep-mine support in the eastern and western part of China, increasing the excavation speed by more than 50%. With the new breakthrough made in the research into the "theory of surrounding rocks control in thousand-metre-deep wells", which resulted in the coordinated control technology of "support, modification and decompression", deformation of surrounding rocks in the roadway was reduced by more than 50%. The research into the "management of dynamic impact of roof blasting" resulted in the discovery of blasting parameters and the new technology for the integrated and coordinated management of dynamic and static load from "drilling and blasting", and the application of which achieved remarkable results. The research into the "theory of water control under multiple pressurised aquifers" made a breakthrough in accurately predicting water inflow to the work face, which could be used in the scientific design of the drainage system.

Second, the Company increased investment in research and development, speeded up the research on technologies in key areas and improved innovation capabilities to lead the development of the industry. During the reporting period, 30 key technological projects were executed, and investment in research and development amounted to RMB1.646 billion, representing an increase of RMB414 million or 33.6% with the corresponding period of last year. More than 20 major technological achievements were gained.

Technological Innovations

For coal production, a major project on the "key technology for the prevention of rock burst in the deep regions of Inner Mongolia and Shaanxi" was executed to address the common technical issue of rock burst in the deep mines in Inner Mongolia and Shaanxi. Therefore, industry standards and specifications were established to effectively reduce the risk of rock burst in the mining area and prevent rock blasting in a more accurate, efficient and intelligent manner. The application of more than 20 coal mine safety control technologies and devices realised the transition of mine safety control and management from passive to active. Roadway protection along gob side with small coal pillars was applied in the coal mines in the Inner Mongolia and Shaanxi area to eliminate rock burst in the coal mine structure. The technology to detect the sandstone aquifer above the mine roof was applied to the coal mines in the Ordos area to find out the three-dimensional spatial distribution of water abundance of aquifer above the mine roof and understand the three-dimensional distribution of water abundance area, which would provide a scientific basis for optimising the delivery and drainage design of the work face.

For coal chemicals, by studying the coal ratio in the furnace, the gas-water separation system was upgraded with the "technology optimisation for fixed-bed coal gasification process and equipment modification and upgrade". As a result, a single gasification furnace was able to operate continuously for 272 days, and the average continuous operation time exceeded 166 days, achieving the international leading level. The resulting reduction in costs and increase in efficiency was remarkable. More than 70 new coal chemical technologies were applied to achieve the goals of intelligent production, zero emission, cost reduction and efficiency enhancement of coal chemical enterprises. The application of intelligent technologies and equipment enabled functions such as one-key start and stop and automatic production for coal chemical enterprises. The application of the new coal chemical wastewater treatment technique solved the problems of low sludge concentration, slow growth rate and inability to meet the effluent standard in the existing coal chemical wastewater treatment technique. The application of the energy-saving technology for the water pump of recycled water fan increased the air volume of the fan by 30% and the energy-saving efficiency by 40%. Efforts were made to build a demonstration base for the intelligent production of coal chemical products and enabled functions such as intelligent control of production equipment and three-dimensional virtual visualisation inspection. The intelligent coal chemical plant of the Company set a new benchmark in the industry and the Company became a pioneer in the industry.

For the development of coal mining equipment, the Company developed the world's first scraper conveying equipment assembly with a total installed power of 13,455 KW, whose several technical indicators broke the global records in the industry. Equipped with collaborative, centralised intelligent control technology, the world's first 5 MW integrated intelligent driving system with unequal power and variable frequency, and a 3,000 KW ultra-high power transmission system, which achieved breakthroughs in various technical areas such as the single machine capacity, realised maximum monthly and daily output of a new high of 2.02 million tonnes and 79,000 tonnes respectively, filling the technology gap in the industry. The self-developed ZY12000/18/50D intelligent hydraulic support prototype with an ultra-large expansion ratio for cross-mining obtained seven technical patents including the "pressure balanced rod-type triple-telescope prop", which enabled universal support in "thin, medium, thick" coal seams. As an advanced, patented product, it is the first of its kind in the country and overseas. The self-developed high-power narrow-body cantilever roadheader has a cutting power of 280 KW and 300 KW respectively. It passed the professional inspection of the National Coal Mine Tunnelling Machinery Quality Supervision and Inspection Centre, and various performance indicators met the designed specifications.

In respect of green mine construction, the demonstration project for the mine water deep well recharge technology achieved remarkable results. 500,000 m^3 of mine water was stably reinjected into the stratum of Liujiagou formation for eight months, which paved a new path for the green, efficient and low-cost disposal of mine water with high salinity in the mining area of Inner Mongolia and Shaanxi. The new technology for subsidence prevention by grouting to covered rock separation strata effectively addressed the issue of gangue discharge, controlled subsidence in the goaf and reduced the pressure of drainage of mine water. As a result, 217,000 tonnes of gangue were processed, and gangue disposal costs of RMB630,000 were saved. The coal water slurry preparation system of the Company is the first in the PRC to use slime in the preparation process. The particle size of the coal water slurry produced through the domestic initiative technique of slime-made slurry offers high combustion efficiency which allows sufficient combustion in boilers with low carbon in ash residue. The first domestic project supporting the full-time operation of the slime flotation and main washing system of the thermal coal preparation plant made use of a new flotation technique to recycle slime, creating a value of RMB30 million per year.

II. ENHANCE THE APPLICATION OF NEW TECHNOLOGIES AND PROMOTE THE UPGRADING OF INTELLIGENT TECHNOLOGIES

First, the transformation of achievements in intelligent coal mines showed results. Approximately more than 60 products that make use of intelligent technology were applied, and 6 intelligent mining work faces were built. The Company proposed China Coal Energy's own "four-tier and three-platform" general architecture for intelligent mining, and continued to build an intelligent and comprehensive system that integrates information from multiple systems and possessed the capabilities of "self-design, self-development, self-manufacturing, and self-construction" of intelligent coal mines with the aim of becoming a provider of comprehensive intelligent coal mine solutions.

Second, the major technological projects of "Intelligent Construction of Dahaize Coal Mine" and "Intelligent Construction of Pingshuo East Open Pit Coal Mine" were launched to promote the integration of intelligent technologies and the coal industry, forming new advantages in the field of intelligence, and taking the lead in the development of the industry.

Third, intelligent mining began to show results. The intelligent operation of fully mechanised coal caving was built in the Shanxi area. After six months of industrial testing, the intelligent fully mechanised caving system realised normal operation, resulting in manpower on the coal mining work faces down by 30%, recovery efficiency up by 5%, recovery rate up by 2% and overall energy consumption of equipment on work faces down by 12%. An intelligent work face was built under deep and complex geological conditions in Jiangsu area, with daily raw coal output of 4,000 tonnes and manpower under the pit per shift down by 8 persons, realising the normal operation of the work face intelligent system. A reduction of ten staff were made for the first phase of the intelligent coal preparation plant in the Ordos area, reducing the annual production cost by more than RMB2.3 million.

III. OPTIMISE THE MANAGEMENT SYSTEM OF TECHNOLOGICAL INNOVATION AND CONTINUOUSLY IMPROVE THE ABILITY TO INNOVATE AND ENHANCE EFFICIENCY

In 2020, China Coal Energy continued to deepen reforms to stimulate innovation, optimise the technology management system and renew the incentive mechanism, forming an innovative atmosphere. First, the Company established the "Administrative Measures for Major Technology Projects" to address common, critical and directional technical issues in view of the Company's development goals and major requirements, accelerated the research on key and core technologies through major technology projects. Second, the incentive mechanism was renewed to stimulate innovation vitality. The Company insisted on the combination of a problem-oriented approach and technological breakthroughs. It established three dedicated coal chemical research institutes and built a new technology research and development system for the coal chemical industry. The spirit of craftsmanship was vigorously cultivated and promoted to give play to the innovation leading role of skilful talents and stimulate the enthusiasm and initiative of employees in innovation and entrepreneurship. The China Coal Equipment Research Institute offered rewards for achievements and efficiency creation and operated a professional manager system to stimulate innovation in the enterprise. Third, the Company formulated opinions on the construction of intelligent coal mines and proposed development goals in stages to promote intelligent coal mines in full swing. Four coal mines of the Company were included in the first batch of national demonstration construction project of intelligent coal mine.

In 2020, China Coal Energy received 22 industrial and provincial technology progress awards and obtained 205 authorised patents, including 9 invention patents. 315 patent applications were accepted, representing a year-on-year increase of 30%, including 117 invention patents, representing a year-on-year increase of 50%.

Investor Relations

In 2020, China Coal Energy continued to strengthen investor relations maintenance, effectively improved investor service quality and kept sufficient communications with its domestic and overseas investors as well as industry analysts through various channels including results briefings, investment forums, routine visits and telephone conferences to maintain good interaction with the capital market. 41 investor meetings of various kinds with 536 attendees in total and 4 themed publicity campaigns were held throughout the year.

The first is strengthening investor relations maintenance through various forms. The management of the Company attended the periodic results presentation conference actively, through which the management shared their industry experience and professional insights, delivered detailed introductions of the operation and performance results of the Company and patiently answered the relevant questions from the investors to further enhance the understanding and recognition by the media and the public of the Company. In 2020, overcoming the influence of COVID-19, the Company continuously maintained sufficient and effective communication with its investors through various online channels, and held 6 telephone briefings about the periodic results with 187 attendees, and 24 routine receptions of investor visits and telephone conferences with 246 attendees in total.

The second is engaging in communication with institutional investors through various channels. The Company actively participated in various investment forums held by domestic and overseas investment banks and securities companies, established interactive communication platforms with energy industry analysts, professional investment institutions, etc. through telephone conferences, mails, WeChat, on-site meetings and other means, exchanged ideas through various approaches including one-to-one and one-to-many communications with respect to, among others, the national macro-economic trend, industry development outlook and corporate operational fundamentals in order to further enhance recognition by institutional investors of the Company. In 2020, the Company participated in 7 investment forums with 55 attendees.

The third is facilitating multi-dimensional interaction with medium and small investors. The Company continued to improve the quality of information disclosure, standardised voluntary information disclosure, and proactively released valuable information for investors' decision-making in order to maximise the protection of investors' rights to know and ensured that the disclosed information is true, accurate, complete, concise, clear and easy to understand. The Company continued to provide medium and small investors with timely reply to their questions and inquiries through the E-Interaction Platform of the Shanghai Stock Exchange and the Company's investor hotline and email in the ordinary course of business. In 2020, the Company made approximately 300 disclosures and responded to approximately 200 questions and over 600 inquiries.

The fourth is enhancing information feedback from the capital market in multiple facets. The Company traced and analysed hot topics in the capital market, strengthened the dynamic tracking of share price valuation, securities research reports and media comments of the Company, took the initiative to carry out investor feedback surveys, actively enquired the views and comments of coal industry analysts on the Company's operating results, information disclosure and investor relations management, extensively collected suggestions and opinions from the medium and small investors and advised the management of the Company with the feedbacks of the capital market in a timely manner to facilitate their decision-making on the Company's operations. In 2020, a total of more than 100 various documents including regular news compilations, monthly investor relations reports, benchmarking analysis reports and Q&A reference manuals were submitted to the Company's management.

A journey of a thousand miles begins with the first step. China Coal Energy, in compliance with the laws, regulations and regulatory requirements, will further strengthen investor relations maintenance, maintain sound communication with the capital market, actively convey information about the Company's value, enhance investors' understanding and recognition of the Company and strive to create more value for investors.

Safety, Health, Environmental Protection and Social Responsibility

I. SAFETY PRODUCTION

In 2020, the Company conscientiously implemented the deployment on safety production made by the authorities. By adhering to the concept of life first and safety first, the Company strived to overcome the adverse impact on safety production imposed by the pandemic, emphasised on material risk control, fostered the construction on securing safety, enhanced accountability, and optimised on-site management. Therefore, the Company realised safety production and the safety level remained on a stable and positive track.

Material risk was prevented and resolved. The Company has deepened the construction of dual prevention and control mechanism (i.e. safety risk management and control by level as well as hazard inspection and tackling), implemented safety risk identification for every level, implemented management and control measures and responsibilities, monitored high-risk operations throughout the process, and handled key components under supervision. A three-year remediation programme for safety production has been fully commenced, whereby implementation plans were formulated for every tier and the "Two Lists" for potential hazards and systems and measures were proactively updated. Coal chemical enterprises have fully established safety risk tier matrix, while power generation enterprises have established standardised prevention measures for the operation risk list. The Company also implemented its business meeting and technical consultation mechanism and organised 152 business meetings for major safety technical issues as well as technical consultation for coal mines, coal chemical plants and power generation plants in 11 places. The Company adhered to pandemic prevention and control as well as work and production resumption, innovated safety supervision means, and strictly implemented inspection and acceptance procedures, so that safety for work and production resumption was secured.

Safety guarantee capability has been improved. With full progression of system optimisation, equipment upgrading project construction, 13 coal mines, including Anjialing mine, have met safety production standardisation level I (國家一級安全生產標準化), while 2 coal chemical enterprises, including Mendga Coal Chemical Company, have reached leak free plant standards. Safety guarantee capability has been continuously improved. The Company proactively implemented the "One Optimisation and Three Reduction" (optimisation of system, reduction of level, reduction of working-faces and reduction of personnel), improved the core equipment level for mines, and significantly improved operation environment. In terms of promoting intelligent construction, six intelligent working faces have been built for coal mines, while coal chemical and power generation enterprises have been proactively building intelligent plants.

Safety accountability was further implemented at all levels. The Company improved the safety responsibility systems of "being responsible for both party and administrative work, dual-duty on one position, carrying out party and government work simultaneously, and accountability for negligence" by amending 5,000 items for the safety accountability list of different positions. Accountability methods for issues involving accidents were launched to extend the accountability of injury and fatality accidents to risk involving accidents, thereby enhancing control from the sources. The Company implemented strong incentives, stringent assessment and strict accountability to hold principals at all levels accountable for primary safety responsibilities. Contract responsibility system for work safety management at each level was implemented and relevant persons-in-charge contracted 12 mines (plants), promoting the implementation of the onsite safety responsibility. The Company insisted on holding regular meeting for the safety committee and safety supervision bureau as well as monthly safety production video conferences, relentlessly commenced safety supervision and inspection, and continuously promoted the implementation of key safety works.

Strong safety atmosphere was created. By continuously carrying out a series of safety activities with full participation such as "March Safety Warnings", "Production Safety Month" and "100-day Safety", the Company created a firm attitude towards safety and a strong safety atmosphere. The Company convened safety warning education meeting with over a thousand of leaders receiving the respective education. Risk warning education was conducted at different levels, and safety awareness among staff has been enhanced gradually. 43,000 people have received safety trainings and 31,000 people has participated in emergency drills and skills competitions. Campaigns such as youth safety supervision and "everyone is a team leader" were thoroughly launched, and hence the safety quality of staff were enhanced. Wangjialing mine of China Coal Huajin Company was conferred "2020 National Model Enterprise for Safety Culture Cultivation".

II. OCCUPATIONAL HEALTH

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

III. ENVIRONMENTAL PROTECTION

In 2020, thoroughly guided by Xi Jinping's thought on ecological civilization and adhering to the new development philosophy, the Company fully implemented the deployment on ecological and environmental protection made by the Party Central Committee and the State Council. The Company strictly implemented national policies and regulations on energy conservation and environmental protection, faithfully fulfilled its duties in green development as a central enterprise by continuously improving control system on ecological and environmental protection, actively promoting green coal development and the clean and efficient utilisation of coal and continuing capital investment to conduct pollution prevention and control as well as ecological environment governance. Emissions of major pollutants have kept decreasing. The resource conservation and ecological environmental protection management and control capabilities have been effectively improved, the overall ecological and environmental risks are controllable and there are no environmental emergencies during the reporting period. Seven coal mines were included into the State Green Mine Catalogue. Ecological reclamation case in Pingshuo Mining Areas was credited as "2019 Classical Case of Brand Building for Central Enterprises", while four entities including China Coal Huajin Company were credited as the advanced enterprises on energy conservation and emission reduction in coal industry.

Safety, Health, Environmental Protection and Social Responsibility

Firstly, enhancing the construction of ecological and environmental control system. In accordance with the work principle of "control enhancing, problem solving, rectification strengthening, and risk controlling", the Company amended the "Tentative Methods on the Assessment of Energy Conservation and Environmental Protection", the "Administration Methods on the Inspection and Remediation of Ecological and Environmental Issues" and the "Tentative Methods on Accountability for Ecological and Environmental Protection". Affiliated enterprises have improved and refined their organisational management, survey and monitoring and assessment reward and punishment systems, while continuously enhancing professional management. The Company realised annual energy conservation and environmental protection targets and works at different levels, strictly conducted assessment to realise rewards and punishment, and effectively enhanced management effectiveness.

Secondly, fully strengthening environmental risk management and control. The Company's affiliated enterprises which are the major pollutant-dischargers have formulated or revised environmental emergency response measures, and carried out the environmental risk assessment and ecological environmental protection standardisation construction, resulting in the gradual improvement of environmental risk management and control mechanism. The Company kept on promoting environmental risk investigation and rectification, organised its affiliates to conduct system inspection on pollution sources such as air, water, solid wastes and hazardous wastes as well as environmental procedures. Identified issues were managed and rectified in accordance with detailed checklists and schedules and 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 project constructions, the Company strictly followed requirements of the environmental impact assessment approvals and implemented environmental protection measures. The Company constructed environmental protection facilities based on the requirement of "three simultaneous" to strengthen trial production and management of acceptance inspection on environmental protection, implement a permission system for pollution discharge, and ensure timely application for pollution discharge permits upon completion and commencement of operation of projects. The Company has kept its potential environmental risks under fundamental control by completing the above.

Thirdly, sparing no efforts in fighting the battle of pollution prevention. The Company continued to strive to promote the ultra-low emission renovation of coal-fired units, to eliminate small coal-fired boilers and to treat volatile organic compounds. The Company's public coal-fired power plants have all achieved the target of ultra-low emission. Companies located in the Beijing-Tianjin-Hebei region and its peripheries as well as Fenwei Plain (汾渭平原) had closed down small coal-fired boilers with 35 steam tonnes or below. The Company continued to foster the thorough treatment of mine water and the treatment and reuse of chemical waste water to increase waste water processing capability and reuse efficiency. The Company built a recycling system for water resources of coal and coal chemical enterprises in Ordos featuring "filtering wastewater in the mine, carrying out wastewater treatment on the ground, recycling the wastewater of coal chemical treatment and recovering salt from brine through crystallisation" to achieve zero emission of mine water and complete recycle by coal chemical plant. The Company proactively promoted the full closure reconstruction of the coal storage area, carried out the demonstration project for ecological restoration and treatment of coal gangue dumping sites with high standards, effectively improved the level of ecological treatment and achieved a win-win situation between local communities and the Company.

Fourthly, focusing on improving carbon emission management capability. In accordance with the national decision and deployment of "peaking carbon emission" and "carbon neutrality", the Company has optimised its systems and mechanisms in response to climate change, and continued to foster industry structure, optimisation, adjustment, transformation and upgrade. The Company researched and determined the general idea, goals, management structure and business system for carbon emission management, and organised and commenced the respective 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 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 Social Responsibility 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
Li Yanjiang★	Chairman, Executive Director	Male	63	October 2018	March 2021	0	0	0	–	0	Yes
Peng Yi	Vice Chairman, Executive Director	Male	58	October 2018	October 2021	0	0	0	–	0	Yes
Du Ji'an	Non-executive Director	Male	59	October 2018	October 2021	0	0	0	–	0	Yes
Zhao Rongzhe	Non-executive Director	Male	55	October 2018	October 2021	0	0	0	–	0	Yes
Xu Qian	Non-executive Director	Male	40	October 2018	October 2021	0	0	0	–	0	Yes
Zhang Ke	Independent Non-executive Director	Male	67	October 2018	October 2021	0	0	0	–	30	No
Zhang Chengjie●	Independent Non-executive Director	Male	67	October 2018	October 2021	0	0	0	–	9	No
Leung Chong Shun	Independent Non-executive Director	Male	55	October 2018	October 2021	0	0	0	–	30	No
Zhou Litao▲	Shareholder Representative Supervisor	Male	60	October 2018	October 2021	0	0	0	–	0	Yes
Wang Wenzhang	Shareholder Representative Supervisor	Male	56	October 2018	October 2021	0	0	0	–	86.93	No
Zhang Shaoping	Employee Representative Supervisor	Male	56	October 2018	October 2021	0	0	0	–	94.46	No
Pu Jin◆	Vice President (performs the duties of the President)	Male	60	October 2018	October 2021	0	0	0	–	108.66	No
Chai Qiaolin◆	Chief Financial Officer	Male	52	October 2018	October 2021	0	0	0	–	94.90	No
Ni Jiayu◆	Vice President	Male	49	October 2018	October 2021	0	0	0	–	91.63	No
Yi Baohou	Secretary to the Board and Company Secretary	Male	57	March 2019	October 2021	0	0	0	–	73.41	No
Total	/	/	/	/	/	0	0	0	/	618.99	/

Notes:
1. The remunerations of the above Directors, Supervisors and senior management are calculated based on the period during which they hold office.
2. The remunerations during the reporting period presented are the remunerations of Directors, Supervisors and senior management received from the Company.
3. ★Mr. Li Yanjiang resigned in March 2021 due to retirement.
4. ●Independent non-executive Director who has left the current office as head of central state-owned enterprises in the PRC shall receive standard work subsidies of RMB90,000.
5. ▲Mr. Zhou Litao resigned in August 2020 due to retirement. Prior to the assumption of office by the newly elected supervisor, Mr. Zhou Litao will continue to perform the duties as a supervisor based on the relevant requirements.
6. ◆Distribution ratio of performance-based salaries for this year is 70% (the remuneration listed above include deferred performance-based salaries from the previous year).

Directors, Supervisors, Senior Management and Employees

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

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

(1) Directors

1. **Li Yanjiang**, born in 1957, was the Secretary of Party Committee of the Company, and the Executive Director and Chairman of the Fourth Session of the Board of the Company before 2 March 2021. He served as the Secretary of Party Committee and Chairman of the Board of China Coal Group before 2 March 2021. He served as the Vice President of the Fifth Session of the Board of China National Coal Association. Mr. Li graduated from Fu Xin Mining Institute with a Bachelor's Degree in mining construction and obtained the title of Researcher in January 1982. He served as the General Manager of China Coal International Economic and Technical Cooperation Corporation, the Secretary of Party Committee and the General Manager of China Coal Construction and Development Corporation, the Chairman of the board of directors, Deputy Secretary of Party Committee, and General Manager of China Coal Construction Group Corporation, the Director General of the Plan and Development Department of State Administration of Coal Industry, the Director and the General Manager of China National Coal Industry Import and Export Group Corporation, the Secretary of Party Committee and the Vice President of China Coal Research Institute, the Secretary of Party Committee, Chairman of the board of directors and General Manager of China Foma (Group) Co., Ltd. as well as the Secretary of Party Committee and a Director of China National Machinery Industry Corporation, the Secretary of Party Committee, Vice Chairman of the Board and the General Manager of China Coal Group, the Vice Chairman, Non-executive Director and Chairman of the Third Session of the Board of the Company and other positions. Mr. Li has long been engaged in areas of production, operation and management of coal enterprises, and has strong background in coal industry and extensive experience in corporate operation and management.

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

3. **Du Ji'an**, born in 1961, is the Deputy Secretary of Party Committee and the Non-executive Director of the Fourth Session of the Board of the Company. He currently serves as the Deputy Secretary of Party Committee and a Director of China Coal Group, the Executive Director of the Fourth Council of Research Institute for Party Building, Ideological and Political Work of State-Owned Enterprises, the Vice President of Human Resources Work Committee of China National Coal Association, and Principal of China Coal Vocational College. Mr. Du graduated from Shandong Institute of Mining and Technology (currently known as Shandong University of Science and Technology) with a Bachelor's Degree in coal mine construction in July 1983, and obtained a Doctoral Degree of engineering management from China University of Mining and Technology in December 2013. He is a Professoriate Senior Engineer and a Senior Professional Manager in the coal industry, and he is entitled to special government allowance granted by the State Council. He served as the Secretary of the General Office of the Ministry of Coal Industry (deputy division chief level), the Director of the General Office of China National Coal Industry Import and Export Corporation, the Deputy Secretary of Party Committee of China Coal Comprehensive Utilization Group Corporation (deputy bureau level); the Director of the Human Resources Department, Head of the Organization Department of Party Committee, Deputy Director of Human Resources and Audit Committee and Assistant to the General Manager of China National Coal Industry Import and Export Group Corporation; the Deputy Secretary of Party Committee, Secretary of Discipline Inspection Committee, Chairman of Labor Union, Standing Member of Party Committee, Deputy General Manager and Secretary to the Board of China Coal Group and Chairman of the Board of SDIC Coal Co., Ltd. Mr. Du also served as the Chairman of the First Session of the Supervisory Committee of the Company and an Non-executive Director of the Third Session of the Board of the Company. Mr. Du has extensive experience in corporate management, team construction, human resource development and management, corporate governance, etc.

4. **Zhao Rongzhe**, born in 1965, is a Non-executive Director of the Fourth Session of the Board and the Standing Member of Party Committee of the Company. He is currently a Standing Member of Party Committee and Chief Accountant of China Coal Group, the Chairman of China Coal Finance Co., Ltd., a Director of China Coal Insurance Co., Ltd. and Vice Chairman of the Council of China Coal Economy Research. Mr. Zhao obtained a Bachelor's Degree in Economics from China University of Mining and Technology majoring in financial accounting in June 1989, and obtained an MBA Degree from the Open University of Hong Kong in June 2011. Mr. Zhao is a Senior Accountant. Mr. Zhao has successively served as Chief Staff Member of Finance and Labour Department of Ministry of Coal Industry, Deputy Director of Finance Division in China National Coal Mining Equipment Company Limited, the Deputy Director of Asset and Finance Department in China National Coal Industry Import and Export Group Corporation, the Director of Asset and Finance Department in China Coal Group, the General Manager of Financial Management Department and Deputy Chief Accountant of China Coal Group. Mr. Zhao was a Supervisor of the Third Session of the Supervisory Committee of the Company. Mr. Zhao has been engaged in the coal industry for nearly 30 years and has extensive experience in corporate financial management and capital operations.

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

Directors, Supervisors, Senior Management and Employees

6. **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.

7. **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.

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

(2) Supervisors

1. **Zhou Litao**, born in 1960, is a Supervisor of the Fourth Session of the Supervisory Committee of the Company, and currently serves as the Executive Vice President of the Energy Law Academy of China Law Society, Chairman of Legal Issues Committee of China National Coal Association, a visiting professor of National Lawyers College, PRC, Vice Chairman of ICC China Commission on Environment and Energy and an arbitrator of China International Economic and Trade Arbitration Commission, Beijing Arbitration Commission and China Maritime Arbitration Commission. He graduated in 1983 from Hubei Institute of Finance (currently known as Zhongnan University of Economics and Law) majoring in law with a Bachelor's Degree in Law, and obtained an Executive MBA Degree from HEC Business School Paris, France in December 2007. He obtained a Doctoral Degree in Law from China University of Political Science and Law in June 2011. Mr. Zhou is a senior economist and a qualified corporate legal advisor. He served as the General Manager of Legal Affairs Department of China Coal Group, the General Legal Counsel and a member of the Discipline Inspection Committee of China Coal Group and Supervisor of the First Session, the Second Session and the Third Session of the Supervisory Committee of the Company. Mr. Zhou is familiar with the PRC Civil Law, Commercial Law and International Commercial Principles, and has rich experience in corporate legal management.

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

3. **Zhang Shaoping**, born in 1964, is the Employee Representative Supervisor of the Fourth Session of the Supervisory Committee of the Company and currently the full-time Director of second-tier enterprise of China Coal Group, a Director of Shanghai Datun Energy Resources Company Limited, a Director of China Coal Xinji Energy Co., Ltd., and a Director of China National Coal Mining Equipment Company Limited. 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) Senior Management

1. **Pu Jin**, born in 1960, is the Vice President (performs the duties of the President) and a member of Party Committee of the Company. He is currently a member of Party Committee of China Coal Group, Executive Director of China National Coal Association, Executive Director of China Coal Society, Deputy Director of Machinery and Electrical Experts Committee of Coal Industry Technology Committee, Deputy Director of National Coal Industry "653" Expert Steering Committee. Mr. Pu graduated from China University of Mining and Technology in 1998 with a Master's Degree in management engineering, and he obtained a Doctoral Degree in management from the School of Management Science and Engineering of Tongji University in 2003. He is a Professoriate Senior Engineer, a National Senior Professional Manager and a Senior Professional Manager in the coal industry, and he is entitled to special government allowance granted by the State Council. He served as an Assistant to the General Manager and the Deputy General Manager of Automatic Engineering Division and Overseas Operations Division of China National General Machinery Corp. under the Ministry of Machinery Industry, the General Manager of China Coal Shenzhen Company, the General Manager of China Coal Southern Energy Resources Company Limited, the Chairman of China National Coal Mining Equipment Company Limited and other positions. Mr. Pu has extensive experience in enterprise management as well as solid theoretical expertise in coal mining machinery.

2. **Chai Qiaolin**, born in 1968, is the Chief Financial Officer and a member of Party Committee of the Company. Mr. Chai currently serves as a member of the Discipline Inspection Committee of China Coal Group, a Director and the General Manager of China Coal Finance Co., Ltd. and the Chairman of the Board of Sunfield Resources Pty. Limited. Mr. Chai graduated in July 1991 with a Bachelor's Degree in economics from Beijing Institute of Economics majoring in public finance. Mr. Chai is a qualified Senior Accountant. Mr. Chai previously served in China Coal Overseas Development Co., Ltd., China National Coal Industry Import and Export Corporation as well as China National Coal Industry Import and Export Group Corporation, undertaking financial management affairs. Mr. Chai previously served as the Deputy General Manager in the Financial Management Department of China Coal Group, the Deputy Manager and Manager of the Financial Department of the Company, and the Deputy Chief Accountant of the Company. Mr. Chai has over 25 years of extensive experience in financial work in state-owned enterprises as well as over 10 years of experience in capital operation and financial management in listed companies.

Directors, Supervisors, Senior Management and Employees

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

4. **Yi Baohou**, born in 1963, is the Secretary to the Board and the Company Secretary of the Company and currently a member of Party Committee of China Coal Group. Mr. Yi graduated from Xi'an Metallurgy and Architecture Institute majoring in Industrial and Civil Architecture in January 1989 and graduated from the Correspondence Institute of the Party School of the Central Committee of the Communist Party of China majoring in economics and management in December 1993, and obtained a Master's Degree in engineering from Hebei University of Architecture in June 2004 majoring in structural engineering. Mr. Yi is a Professor-Level Senior Administration Engineer, a Senior Engineer, a Certified Senior Professional Manager and a Certified Senior Risk Manager. Mr. Yi served as the Secretary of Communist Youth League Committee, Deputy Director of the General Office, Deputy Head and Head of the Human Resources Department, Deputy Secretary of Party Committee and Secretary of Discipline Inspection Committee of Xi'an Design and Research Institute of the Ministry of Coal Industry; the Secretary of Party Committee and Dean of Handan Design and Research Institute of the Ministry of Coal Industry; the Deputy Secretary of Party Committee and Secretary of the Discipline Inspection Committee of Equipment Company of China National Coal Group Corporation; the Secretary of Party Committee and Deputy General Manager of China Coal Beijing Coal Mining Machinery Company Limited; the Deputy Secretary of the Discipline Inspection Committee and Director of the Supervision and Audit Department of China Coal Group; the Secretary of Party Committee, Chairman of the board of directors and General Manager of Datun Coal and Electricity (Group) Company Limited; the Chairman of the board of directors of Shanghai Datun Energy Resources Company Limited; the Employee Representative Director of the board of directors, Member of the Audit and Risk Management Committee of the board of directors of China Coal Group; and the Secretary of Party Committee and Chairman of China Coal Comprehensive Utilization Group Corporation. Mr. Yi has been working in the coal industry for over 30 years, and has extensive working experience in corporate governance, business management, operating control, internal control and risk management, communication with stakeholders, etc.

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 2020, the total remunerations for Directors, Supervisors and senior management of the Company was RMB6,189,900 (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.

Directors, Supervisors, Senior Management and Employees

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

Name	Position Held	Changes	Reasons for Change
Li Yanjiang	Chairman, Executive Director	Resignation	Resigned in March 2021 due to retirement.
Zhou Litao	Shareholder Representative Supervisor	Resignation	Resigned in August 2020 due to retirement, and continued to perform the duty of Supervisor prior to the election of new Shareholder Representative Supervisor by the general meeting.

V. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

	Number of persons
Number of current employees in the Company	430
Number of current employees in major subsidiaries	24,850
Total number of current employees	41,593
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	25,022
Sales Staff	982
Technical Staff	8,964
Financial Staff	821
Administrative Staff	3,115
Other Staff	2,689
Total	41,593

Education Level

Education level by type	Number of persons
Postgraduate or above	1,271
Undergraduate	12,645
Technical College	12,091
Below College	15,586
Total	41,593

Note: Major subsidiaries include Pingshuo Group, Shanghai Energy Company and China Coal Huajin Company.

VI. REMUNERATION POLICY

In terms of employee compensation strategy, the Company adheres to the objective of "adaption comes first and linkage comes second", and establishes salary decisioning and ordinary growth mechanism adapting to the external market and internal corporate structure as well as linking with corporate economic benefits and labour production rate. Benchmarking high-quality development requirements, the Company continuously improves the assessment and distribution system, gives full play to the role of salary incentives, guides companies to strive for excellence, and promotes 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 and Service 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 62,000 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)	33,720,000
Total amount of remunerations paid for outsourcing (RMB thousand)	1,153,513

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 for the year ended 31 December 2020 prepared in accordance with the IFRS.

I. PRINCIPAL OPERATIONS

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

Further discussions on business as required under Schedule 5 of Companies Ordinance (including the pertinent review on the businesses of the Company, the analysis of the key financial performance indexes, and the disclosure of the likely future development of the businesses of the Company) 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 Company 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 Company for the year ended 31 December 2020 are set out in "Management Discussion and Analysis of Financial Conditions and Operating Results".

III. DIVIDENDS

(1) Dividend Policy

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

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

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

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

(2) Implementation of the Dividend Policy

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

On 24 March 2021, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB1,771,250,100 to the Shareholders, representing 30% of the net profit attributable to the shareholders of the listed company for the year ended 31 December 2020, which was RMB5,904,167,000 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 RMB0.134 per share (tax inclusive). The above proposed profit distribution plan is subject to the approval of Shareholders at the 2020 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 which came into effect on 1 January 2008 and its implementing rules and other relevant rules, the Company is required to withhold enterprise income tax at a rate of 10% before distributing the final dividend to non-resident enterprise Shareholders whose names appear on the Company's H Share register of members. Any shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise Shareholders and therefore an enterprise income tax shall be withheld for their dividends receivables.

Pursuant to the "Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No.045" issued by the State Administration of Taxation on 28 June 2011, 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 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.

The Company will convene the 2020 annual general meeting on 11 May 2021. For information on the latest registration date and the period of closure of share register for attending the 2020 annual general meeting of the Company and for receiving the final dividend for the year ended 31 December 2020, please refer to the notice of annual general meeting issued by the Company on 24 March 2021. Further announcement on the dividend distribution date (expected to be prior to 31 August 2021) will be issued after the 2020 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 2020, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As of 31 December 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, save as Mr. Li Yanjiang, Mr. Peng Yi, Mr. Du Ji'an, Mr. Zhao Rongzhe and Mr. Xu Qian, there is no other Director who is a director 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 of the Company Li Yanjiang and Zhang-ke and Supervisors of the Company Zhou Litao and Zhang Shaoping; Director of the Company Peng Yi; Directors of the Company Du Ji'an, Zhang Chengjie, Leung Chong Shun and Supervisor of the Company Wang Wenzhang; and Directors of the Company Zhao Rongzhe and Xu Qian entered into a service contract with the Company respectively on 16 June 2015, 22 March 2017, 26 June 2017 and 23 October 2018. Pursuant to the terms of the service contract, each of the Directors and Supervisors agrees to perform his duties as the Director or Supervisor of the Company. 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 Company which is not terminable by the Company 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 2020, 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 2020 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 2020, 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 2020, 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 2020 are set out in the notes to the audited financial statements for the year.

XII. DONATION

For the year ended 31 December 2020, the Group donated a total of RMB12,387,000 for charity and other donation purposes.

XIII. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2020 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 and regulations of the People's Republic of China which would entitle the Shareholders of the Company to subscribe for shares on a pro rata basis. Currently, the Company does not have any share option arrangement.

XV. MAJOR SUPPLIERS AND CUSTOMERS

The Group's major suppliers mainly provide the Company with trading coal and products of 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 2020, total values (not of a capital nature) of the contracts entered into between the Company and its top five suppliers accounted for less than 30% of the total values of the goods the Company purchased. During the year ended 31 December 2020, total values of the contracts entered into between the Company and its top five customers in aggregate also accounted for less than 30% of the total amount of revenue and other income of the Company.

XVI. MATERIAL CONTRACTS

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

XVII. CONNECTED TRANSACTIONS

The followings are the main connected transactions of the Group during the year of 2020:

(1) Continuing Connected Transactions

The continuing connected transactions between the Group and China Coal Group are conducted in the ordinary and normal course of business of the Company, and such transactions can prevent potential competition between coal products of the Group and those of China Coal Group, and enable the Group to secure coal products, integrated materials, engineering design and construction, land and property leasing, financial services and other products and services from China Coal Group at market price through the ordinary course of business of the Group. Such transactions facilitate the expansion of the Group's scale of operation, reduce uncertainty of transactions, lower transaction costs, strengthen capital management, prevent unnecessary disruptions to operations and avoid migration costs. Meanwhile, there are also connected transactions ordinary course of business between the Company and Shanxi Coking Coal Group, the substantial shareholder of China Coal Huajin Company, which is a significant subsidiary of the Company. Such transactions facilitate the Company in obtaining stable coal product supply, coal mine construction and related service at a market price and are conducive to the reduction in uncertainties and transaction costs during the transaction process of the Group. The transactions under these agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The terms of the relevant connected transaction agreements, the annual caps for and the actual amount incurred in 2020 are as follows:

1. Coal Supply Framework Agreement

On 27 April 2017, the Company renewed the Coal Supply Framework Agreement with China Coal Group. The agreement is valid from 1 January 2018 until 31 December 2020, and is renewable upon expiry. Pursuant to the agreement, China Coal Group has agreed to exclusively supply the coal products produced from the mines owned by China Coal Group and its subsidiaries to the Group. The details are set out in the announcements of the Company dated 27 April 2017 and 26 June 2017 and the circular of the Company dated 11 May 2017.

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, 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.

The annual cap for the fees payable to China Coal Group and its subsidiaries (excluding the Company) by the Group for the procurement of coal products produced from the coal mines owned by China Coal Group and its subsidiaries (excluding the Company) by the Group for 2020 was RMB9.0 billion. The actual transaction amount for the year ended 31 December 2020 was RMB3.399 billion.

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

On 27 April 2017, the Company renewed the Integrated Materials and Services Mutual Provision Framework Agreement with China Coal Group. The agreement is valid from 1 January 2018 until 31 December 2020, and is renewable upon expiry. Pursuant to the agreement, 1) China Coal Group and its subsidiaries shall supply the Group (i) production materials and ancillary services, including raw materials, ancillary materials, transporting, loading and uploading services, electricity and heat supply, equipment maintenance and leasing, labour contracting and others; and (ii) social and support services including staff training, medical services and emergency rescues, communication, property management services and others; and 2) the Group shall supply China Coal Group and its subsidiaries (i) production materials and ancillary services, including coal, coal mining facilities, raw materials, auxiliary materials, electricity and heat supply, transporting, loading and uploading services, equipment maintenance and leasing, labour contracting and others; and (ii) exclusive coal export-related ancillary services including organizing product supply, performing coal blending, coordinating logistics and transportation, provision of port related services, arranging for inspection and quality verification and providing services relating to product delivery. The details are set out in the announcements of the Company dated 27 April 2017 and 26 June 2017 and the circular of the Company dated 11 May 2017.

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

For the year ended 31 December 2020: (1) the annual cap for the transactions in relation to provision of raw materials and ancillary services and social and support services to the Company by China Coal Group and its subsidiaries (excluding the Company) for 2020 was RMB6.1 billion and the actual transaction amount was RMB5.233 billion; (2) the annual cap for the provision of raw materials and ancillary services and coal export-related services to China Coal Group and its subsidiaries (excluding the Company) by the Company for 2020 was RMB2.3 billion and the actual transaction amount was RMB1.843 billion.

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

On 27 April 2017, 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 2018 until 31 December 2020 and is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Group) shall provide project design, construction and general contracting services to the Group, and take up projects subcontracted by the Group. The details are set out in the announcements of the Company dated 27 April 2017 and 26 June 2017 and the circular of the Company dated 11 May 2017.

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 People's Republic of China and the specific requirements in bidding invitation documents made by the Company.

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 for 2020 was RMB5.5 billion and the actual transaction amount for the year ended 31 December 2020 was RMB3.244 billion.

4. Property Leasing Framework Agreement

On 23 October 2014, the Company entered into the Property Leasing Framework Agreement with China Coal Group for a term of 10 years commencing from 1 January 2015, which is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Group) have agreed to lease certain properties in the PRC to the Group for the general operation and ancillary purpose. The properties leased include 360 properties amounting to a total floor area of approximately 317,298.01 square metres and most of which are for production and operation usage. Details are set out in the announcements of the Company dated 23 October 2014 and 27 April 2017.

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

The annual cap for 2020 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 RMB120 million. The actual rental incurred for the year ended 31 December 2020 was RMB97 million.

5. Land Use Rights Leasing Framework Agreement

The Company and China Coal Group entered into the Land Use Rights Leasing Framework Agreement on 5 September 2006 of 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 announcements of the Company dated 24 October 2008 and 27 April 2017.

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

The annual cap for 2020 in respect of the land use rights rental paid by the Company to China Coal Group and its subsidiaries (excluding the Company) was RMB57 million. The actual rental incurred for the year ended 31 December 2020 was RMB50 million.

6. Financial Services Framework Agreement

On 27 April 2017, 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 2018 until 31 December 2020, 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 (excluding the Group). The details are set out in the announcements of the Company dated 27 April 2017 and 26 June 2017 and the circular of the Company dated 11 May 2017.

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 for the same type of deposits provided by normal commercial banks in China to China Coal Group and its subsidiaries, 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 lowest rates 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 China 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.

The maximum daily balance of loans and financial leasing (including accrued interests) for 2020 granted by Finance Company to China Coal Group and its subsidiaries (excluding the Company) and associates of China Coal Group was RMB8.0 billion. The actual maximum daily balance incurred for the year ended 31 December 2020 were RMB5.811 billion.

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

On 27 April 2017, 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 2018 until 31 December 2020, and is renewable upon expiry. Pursuant to the agreement, the Company and Shanxi Coking Coal Group and its subsidiaries could mutually provide coal related products and services. The details are set out in the announcement of the Company dated 27 April 2017.

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.

The annual cap for 2020 in respect of the coal and coal related products purchased and services accepted by the Company from Shanxi Coking Coal Group was RMB310 million, and the actual amount incurred during the year ended 31 December 2017 was RMB0. The annual cap for 2020 in respect of the coal and coal related products purchased and services accepted by Shanxi Coking Coal Group from the Company was RMB1.1 billion, and the actual amount incurred during the year ended 31 December 2020 was RMB541 million.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 76 to 80 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 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 2020 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Renewal of Continuing Connected Transactions for 2021-2023 and the Re-determination of Annual Caps

The Coal Supply Framework Agreement, Integrated Materials and Services Mutual Provision Framework Agreement and Project Design, Construction and General Contracting Services Framework Agreement entered into between the Company and China Coal Group in 2017, the Coal and Coal Related Products and Services Supply Framework Agreement entered into with Shanxi Coking Coal Group and the Financial Services Framework Agreement entered into between Finance Company, a controlling subsidiary of the Company, and China Coal Group have expired on 31 December 2020. The Company has renewed the aforesaid continuing connected transaction agreements on 28 April 2020 for a term of three years between 1 January 2021 and 31 December 2023, and applied for the respective annual caps for the next three years ending 31 December 2023. Details are set out in the announcements of the Company dated 28 April 2020 and 16 June 2020 as well as the circular of the Company dated 29 April 2020 published on the websites of the SSE, the HKSE and the Company.

(3) Non-continuing Connected Transactions

1. *Establishment of Joint Venture by a Subsidiary and a Connected Person:*

On 28 August 2020, the third meeting of the fourth session of the Board of the Company considered and passed the Resolution on the Establishment of Antaibao Thermal Power Company. It was agreed that Pingshuo Group and China Coal Electricity would establish a joint venture, China Coal Pingshuo Antaibao Thermal Power Company Limited (中煤平朔安太堡熱電有限公司), with registered capital of RMB960 million, and is held as to 51% and 49% by Pingshuo Group and China Coal Electricity, respectively. The first phase of the registered capital is RMB500 million, of which Pingshuo Group contributes RMB255 million and China Coal Electricity contributes RMB245 million. Currently, the first phase of the registered capital has been paid up, and the industrial and commercial registration of the joint venture has been completed.

For details, please refer to the relevant announcement of the Company published on the websites of the SSE, the HKSE and the Company on 28 August 2020.

2. *Split of a Subsidiary and the Joint Venture with a Connected Person:*

On 28 August 2020, the third meeting of the fourth session of the Board of the Company has considered and passed the Resolution on Matters Related to the Split of Pingshuo Industrial Company Limited. It was agreed that Pingshuo Industrial Company Limited will be split into Pingshuo Industrial Company Limited (held as to 100% by China Coal Group) and China Coal Pingshuo Development Co., Ltd. (held as to 62.28%, 27.83% and 9.89% by China Coal Group, Pingshuo Group and Equipment Company, respectively). Currently, the aforesaid companies have completed the industrial and commercial registration.

For details, please refer to the relevant announcement of the Company published on the websites of the SSE, the HKSE and the Company on 28 August 2020.

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. REDUCED HORIZONTAL COMPETITION

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

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

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

(1) Risks of Fluctuation in Macro Economy

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

(2) Risks of Fluctuation in Product Prices

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

(3) Risks of Safe Production

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

(4) Risks of Project Investment

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

(5) Risks of Environmental Protection

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

(6) Risks of Rising Costs

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

(7) Risks of Foreign Exchange Rate

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

XX. SIGNIFICANT EVENTS

(1) Share Capital Structure

As of 31 December 2020, 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 2019

The Company's 2019 profit distribution plan was considered and approved at the Company's 2019 annual general meeting held on 16 June 2020. Cash dividends of RMB1,687,931,100 were distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the Company which was RMB5,626,437,000 for the year of 2019 as set out in the consolidated financial statements of 2019 prepared in accordance with PRC GAAP. Based on the total issued share capital of 13,258,663,400 shares of the Company, RMB0.127 (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 not amended during the reporting period.

(4) Transaction of Assets

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

(5) Other Significant Events

1. Registration and Issuance of Corporate Bonds

The Company successfully registered corporate bonds of RMB10.0 billion on 10 March 2020, and completed the public issuance of the first tranche of corporate bonds for 2020 on 18 March 2020. The issuance amount was RMB3.0 billion with a term of 5 years at an interest rate of 3.60%.

For details, please refer to the announcements of the Company published on the websites of the SSE, the HKSE and the Company on 12 March, 18 March and 19 March 2020.

2. Registration and Issuance of Medium-term Notes

The Company successfully registered medium-term notes of RMB5.0 billion on 16 March 2020, and completed the issuance of the first tranche of medium-term notes for 2020 on 13 April 2020. The issuance amount for category 1 was RMB1.5 billion with a term of 5 years at a coupon rate of 3.28%. The issuance amount for category 2 was RMB500 million with a term of 7 years at a coupon rate of 3.60%.

For details, please refer to the announcements of the Company published on the websites of the SSE, the HKSE and the Company on 17 March and 14 April 2020.

XXI. MATERIAL LEGAL PROCEEDINGS

As at 31 December 2020, the Company was not involved in any material litigations or arbitrations, and to the best knowledge of the Company, there was no pending, threatened or ongoing material litigation or claim against the Company as at 31 December 2020.

XXII. AUDITORS

On 16 June 2020, the annual general meeting of the Company for 2019 approved the engagement of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the auditors for interim financial report review, annual financial report audit and internal control audit of financial report of the Company under PRC GAAP and IFRS for 2020.

The auditors of the Company have been remained unchanged for the past four years.

XXIII. TAXATION

The Company, according to the applicable tax laws and regulations, withheld and paid the relevant taxes for foreign non-resident enterprises or resident individual Shareholders when distributing the dividends for 2019.

XXIV. RESERVES

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

As at 31 December 2020, reserves available for distribution by the Company in accordance with the relevant laws and regulations of the PRC were RMB22.991 billion.

XXV. PENSION AND OTHER STAFF COST

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

XXVI. FINANCIAL SUMMARY

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

XXVII. PERMITTED INDEMNITY PROVISION

The Company has purchased liability insurance for its Directors, Supervisors and senior management. The insurance was effective in the fiscal year ended 31 December 2020 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
Vice Chairman and Executive Director
Peng Yi

Beijing, China
24 March 2021

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

Supervisory Committee's Report

During the reporting period, the Supervisory Committee of the Company discharged their powers, duties and obligations with the utmost conscientiousness and lawfully exercised their supervisory functions in strict compliance with laws and regulations and the Rules of Procedures of the Supervisory Committee. The Supervisory Committee has conducted supervision over the major decision-making, financial reports, connected transactions of the Company and the duties performed by the Directors and senior management of the Company through organising and convening meetings of the Supervisory Committee and attending Shareholders' general meetings and Board meetings, thereby completing the work of the Supervisory Committee well in 2020.

I. DETAILS OF MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date of meeting	Newspaper for information disclosure of the resolution
First meeting for 2020 of the fourth session of the Supervisory Committee	20 March 2020	Shanghai Securities News, Securities Times
Second meeting for 2020 of the fourth session of the Supervisory Committee	28 April 2020	China Securities Journal, Securities Daily
Third meeting for 2020 of the fourth session of the Supervisory Committee	28 August 2020	China Securities Journal, Securities Daily
Fourth meeting for 2020 of the fourth session of the Supervisory Committee	28 October 2020	–

During the reporting period, the Supervisory Committee convened four on-site meetings, at which resolutions in relation to the Company's 2019 annual report and financial report, the quarterly reports and interim report for 2020 and connected transactions were considered and approved. The Supervisory Committee also listened to reports in relation to the auditing work for the Company's key projects in 2019 and the plan arrangement for 2020.

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

In 2020, the Company adhered to the general principle of making progress amid stability, organised various works including pandemic prevention and control, and production and operation, and fully secured power supply. The Company further focused on its primary duty and core business, deepened internal reform, fostered technology innovation, optimised the organisation of production and sales, and emphasised on increasing quality and efficiency. Thanks to these efforts, the Company achieved sound operating results, and its comprehensive strengths remained the leading position in the industry. The Supervisory Committee is satisfied with the Company's accomplishments.

III. INDEPENDENT OPINIONS GIVEN BY THE SUPERVISORY COMMITTEE IN RESPECT OF THE FOLLOWING ISSUES OF THE COMPANY IN 2020

(1) Operation of the Company in 2020 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) Examination of the Financial Affairs of the Company

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

During the reporting period, the connected transactions of the Company were conducted by strictly adhering to the principles of equality, fairness, openness and complying with the requirements of relevant laws and regulations and the connected transactions management system of the Company, and its disclosure of information was standardised and transparent. The Supervisory Committee did not identify any acts that were detrimental to the benefits of the Company.

(5) Review of Assessment Report on Internal Control and Social Responsibility Report

The Supervisory Committee has duly reviewed the Assessment Report on Internal Control for 2020 and the Social Responsibility Report for 2020 of the Company. The Supervisory Committee is of the opinion that these two reports present an objective and true picture of the conditions of the internal control and the performance of social responsibility of the Company. The Supervisory Committee has no dissenting opinion on the abovementioned two reports.

(6) Implementation of Resolutions of Shareholders' General Meetings

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 2021, the Supervisory Committee will continue to fulfill its supervisory duties faithfully and diligently in strict compliance with the Company Law, the Articles of Association of the Company and relevant provisions, and strive to fulfill its work with an aim to protect the interests of the Company and its Shareholders.

The Supervisory Committee of
China Coal Energy Company Limited
24 March 2021

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 formulated a series of rules and regulations such as Articles of Associations, Rules of Procedures of Shareholders' General Meetings and Rules of Procedures of the Board of Directors and 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. During the reporting period, the corporate governance of the Company basically complies with the requirements of relevant regulations of the CSRC.

Documents related to corporate governance of the Company have adopted the requirements under the provisions as set out in the Corporate Governance Code in Appendix 14 of the Hong Kong Listing Rules. For the year ended 31 December 2020, 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 2020.

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	Location of meeting	Website for disclosure of the resolution
2019 annual general meeting	16 June 2020	China Coal Building, No. 1 Huangsidajie, Chaoyang District, Beijing, the PRC	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 2019 and supervisory committee's report for 2019 were considered and passed at the 2019 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 2020, 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.

During the reporting period, all Directors actively participated in continuous professional trainings, including trainings provided by external parties and professional training sessions provided by the Company, which helped them to develop and update with the latest knowledge and techniques, thus ensure they can contribute to the Board in an appropriate and well-informed manner. Detailed external training record of Directors during the reporting period is as follows:

Name	Details of the training
Peng Yi	Joined the 2020 Second Session of Training for Directors and Supervisors of Listed Companies in Beijing organised by the Listed Companies Association of Beijing on 2 June 2020.
Zhao Rongzhe	Joined the 2020 Seventh Session of Training for Directors and Supervisors of Listed Companies in Beijing organised by the Listed Companies Association of Beijing on 26 September 2020.
Zhang Ke	Joined the Second Session of Follow-up Training for Independent Directors of Listed Companies 2020 organised by the Shanghai Stock Exchange from 18 August 2020 to 24 August 2020.
Zhang Chengjie	Joined the Second Session of Follow-up Training for Independent Directors of Listed Companies 2020 organised by the Shanghai Stock Exchange from 18 August 2020 to 24 August 2020.
Leung Chong Shun	Joined the Second Session of Follow-up Training for Independent Directors of Listed Companies 2020 organised by the Shanghai Stock Exchange from 18 August 2020 to 24 August 2020.

During the reporting period, domestic and international legal advisors and auditors were also invited by the Company to introduce the domestic and international regulatory rules on listing and accounting principles, and the amendments on laws and regulations, changes in regulatory requirement, training materials for directors and typical case studies were circulated to all Directors in a timely manner, so as to continuously enhance the business handling ability of the Directors.

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

		Attendance at the Board meeting					
Name of director	Independent or not	Attendance in person/Required attendance at Board meetings during the reporting period	Attendance by telecommunication	Attendance by proxy	Absence	Absent at two meetings in a row	Attendance at Shareholders' general meeting
Li Yanjiang	No	4/4	0	0	0	No	1
Peng Yi	No	4/4	0	0	0	No	1
Du Ji'an	No	4/4	0	0	0	No	1
Zhao Rongzhe	No	4/4	0	0	0	No	1
Xu Qian	No	4/4	0	0	0	No	0
Zhang Ke	Yes	3/4	0	1	0	No	1
Zhang Chengjie	Yes	4/4	0	0	0	No	1
Leung Chong Shun	Yes	4/4	0	0	0	No	0

Corporate Governance Report

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 reporting period	4
Including: Number of meeting held on-site	4
Number of meetings held by telecommunication	0
Number of meetings held on-site and by telecommunication	0

In 2020, the Board convened a total of four meetings, at which all the resolutions were passed after consideration. Details of the meetings are as follows:

1. The first meeting for 2020 of the fourth session of the Board convened on 20 March 2020 considered the resolutions in relation to the Annual Report for 2019 of the Company and its summary, Annual Results Announcement for 2019, Directors' Report for 2019 of the Company, Financial Report for 2019 of the Company, Proposed Profit Distribution Plan for 2019 of the Company, Production and Operation Plan for 2020 of the Company, Capital Expenditure Plan for 2020 of the Company, Financial Plan for 2020 of the Company, Appointment of Auditors for Review of the Interim Financial Report for 2020 and Audit of the Annual Financial Report for 2020, Remunerations of the Directors and Supervisors of the Company for 2020, Assessment Report Regarding Internal Control for 2019 of the Company, and Social Responsibility Report for 2019 of the Company. The reports in regard to the performance of the capital expenditure plan for 2019 and the implementation of resolutions of the Board of the Company for 2019 were heard at the meeting.

2. The second meeting for 2020 of the fourth session of the Board convened on 28 April 2020 considered the resolutions in relation to the first quarterly report for 2020 of the Company, operational performance assessment indicators of senior management for 2020 of the Company, revision of annual caps of continuing connected transaction for 2021-2023, and convening of 2019 annual general meeting of the Company. The reports in regard to the status of key audit projects in 2019 and key audit plans in 2020, safety and health work completion progress for 2019 and work arrangement for 2020, environmental protection and energy conservation work completion progress for 2019 and key work arrangement for 2020 were heard at the meeting.

3. The third meeting for 2020 of the fourth session of the Board convened on 28 August 2020 considered the resolutions in relation to the interim report for 2020 of the Company, the establishment of Antaibao Thermal Power Company and the split of Pingshuo Industrial Company Limited.

4. The fourth meeting for 2020 of the fourth session of the Board convened on 28 October 2020 considered the resolutions in relation to the third quarterly report for 2020 of the Company, remuneration payment plan of senior management of the Company for 2019 and annual base salary plan for senior management of the Company for 2020. The report in relation to material risk management and control of the Company for 2020 was heard at the meeting.

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

There are currently three independent non-executive Directors in the Board. The Work System of Independent Directors of the Company clearly defines the employment requirements, independence, nomination, election and replacement criteria, and the duties and obligations of independent non-executive Directors. In addition to the duties empowered by the Company Law, Hong Kong Listing Rules, SSE Listing Rules and other relevant laws and regulations to the independent non-executive Directors to review material connected transactions, the Company also empowers the independent non-executive Directors with the duty to propose to appoint or remove accounting firms to the Board and other duties.

During the reporting period, the independent non-executive Directors of the Company strictly complied with all relevant laws and regulations including the Company Law, Guidance on Establishing Independent Directors System in Listed Companies, Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders as well as the rules and requirements under the Articles of Association, the Work System of Independent Directors and the Annual Report Work System of Independent Directors. Independent Directors performed their duties independently and attended relevant meetings in 2020, investigated thoroughly in the Company's subsidiaries, seriously took part in the decision-making of the Company's significant matters, expressed independent opinions on relevant matters of the Company, and provided constructive advice and recommendations regarding the corporate governance, reform development and production and operation of the Company. During the course of performance of duties, independent non-executive Directors upheld the legal rights of Shareholders, especially the minority Shareholders independently and objectively, fully exploiting the functions of independent non-executive Directors.

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

(3) Implementation of Resolutions Passed at the Shareholders' General Meetings by the Board in 2020

No.	Shareholders' General Meeting	Subject Matter	Status
1	2019 annual general meeting	To approve the appointment of external auditors for 2020	Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were appointed as auditors of the Company to review the interim financial report and audit the annual financial report for the year of 2020 in accordance with PRC GAAP and IFRS respectively.
2	2019 annual general meeting	To approve the profit distribution plan for 2019	The final dividends for 2019 were distributed to holders of A Shares and H Shares of the Company in July and August 2020 respectively.

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

As of 31 December 2020, there are five special committees under the Board, details of which are set forth below:

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

(1) 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 2020, the audit and risk management committee held a total of six meetings, at which the resolutions such as the Company's 2019 annual report and its summary, 2019 annual results announcement, financial report and internal control report were considered, and the audit opinions made by Deloitte Touche Tohmatsu Certified Public Accountants LLP on the Company's financial report for 2019 and the reports on the audit plan of the Company for 2020 were heard. All the resolutions were approved at respective meetings and all the members of the audit and risk management committee attended all the six meetings in person.

(2) Strategic Planning Committee

The strategic planning committee comprises two executive Directors, two non-executive Directors 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 2020, the strategic planning committee held one meeting, at which the resolutions such as the resolutions in relation to the Company's 2019 annual report and its summary, 2019 results announcement and 2020 capital expenditure plan of the Company were considered and the report on the performance of the 2019 capital expenditure plan of the Company was heard. All the resolutions were approved. All the members of the strategic planning committee attended the meeting in person.

(3) Remuneration Committee

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

In 2020, the remuneration committee held three meetings, at which the resolutions in relation to the remunerations of the Directors and Supervisors of the Company for 2020, operational performance assessment indicators for senior management for 2020, as well as remuneration payment plan for senior management for 2019 and annual base salary plan for senior management for 2020 were considered. All the resolutions were approved and all the members of the remuneration committee attended all the three meetings in person.

(4) 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 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, cultural background, educational background, professional qualifications, experience, skills level and knowledge as well as other qualities. The nomination committee should determine the parameters of the diversity factors to be adopted according to the specific needs of the business development and strategic planning of the Company at different times and stages, as well as review the member diversification progress of the Board based on those factors and give recommendations (if needed) to the Board for improvement.

In 2020, the nomination committee did not convene any meeting.

(5) 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 also makes suggestions to the Board on material issues affecting the Company's health, safety and environmental protection areas, raises questions on material incidents and accountability related to the Company's production and operation, property and assets, staff or other facilities, and inspects and supervises the progress in addressing such incidents. The responsibilities of safety, health and environmental protection committee comply with the relevant requirements of the Listing Rules. The safety, health and environmental protection committee is accountable to the Board.

In 2020, the safety, health and environmental protection committee did not convene any meeting.

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 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 2019 and authorised the disclosure of the same on the HKSE Website and the Company Website; and formulated, reviewed and monitored Shareholders communication policies to ensure their effectiveness.

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

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

IX. THE CHAIRMAN AND THE PRESIDENT

In 2020, the Company's chairman was Mr. Li Yanjiang. Mr. Pu Jin, the vice president of the Company, temporarily performed the duty of the president. The responsibilities between the chairman and the president are clearly defined: the main duties and powers of the chairman include presiding over general meetings and convening and presiding over board meetings; checking the implementation of resolutions of board meetings; signing securities certificates issued by the Company; signing important documents of the Board and other documents that shall be signed by legal representative of the Company; exercising the functions and powers of the legal person, etc. The president shall be accountable to the Board, and main duties and powers of the president include in charge of the Company's production, operation and management, and organising the implementation of the resolutions of the Board; organising the implementation of the Company's annual operating plans and investment schemes; drafting plans for the establishment of the Company's internal management structure; establishing the Company's basic management system; formulating basic rules and regulations for the Company; proposing the appointment or dismissal of the Company's vice presidents; appointing or dismissing management officers other than those required to be appointed or dismissed by the Board, etc. Besides the directors and supervisors, other senior management members of the Company are responsible for the Company's daily operations. Duties of such persons are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this report.

X. INSURANCE ARRANGEMENT

Pursuant to Provision A1.8 under the Corporate Governance Code and the Corporate Governance Report 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 2020, the Group's international auditor was Deloitte Touche Tohmatsu, and the domestic auditor was Deloitte Touche Tohmatsu Certified Public Accountants LLP. The Group's audit fees as of 31 December 2020 was RMB11,000,000 in aggregate, of which audit fees for internal control amounted to RMB900,000.

XII. SUPERVISORS AND SUPERVISORY COMMITTEE

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

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

The Supervisory Committee held four meetings during the reporting period.

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

Supervisor	Attendance in person	Attendance by proxy
Wang Wenzhang	4	0
Zhou Litao	1	3
Zhang Shaoping	4	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, the Implementation Guidelines of the Shanghai Stock Exchange on Connected Transactions of Listed Companies, 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 general principle for business, 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 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 and the Corporate Governance Report of the HKSE, the Board is responsible for the risk management and internal control systems of the Company and its subordinate enterprises and reviewing their effectiveness. These risk management and internal control systems are designed to manage rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has effective procedures in relation to financial reporting and compliance with the requirements of the Hong Kong Listing Rules.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Measures for responding to material internal control deficiency

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

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

The Board regularly organises and conducts a review of the internal risk management and internal control system of the headquarter and subordinate enterprises, formulates the overall plan and objectives for the internal review of risk management and internal control systems, and carries out education and trainings regarding risk management and internal control every year. In 2020, the Board has conducted 2 reviews of the effectiveness of the internal risk management and internal control systems of the headquarter and its subordinate enterprises, the scope of which covered each and every key aspect of the control systems including the financial control system, operation control system and compliance control system, such as development strategy management, investment management, contract management, finance management, capital raising management, material purchase management, infrastructure project management, safety production management, sales management, property right management, human resource management, and quality and technology management for the year 2019 and the first three quarters of 2020.

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

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 2020, there were no significant defects in the risk management and internal control of the Company, and the Board was of the view that the Company had maintained, in all material respects, effective internal control over financial reporting in accordance with the risk management and internal control systems and relevant financial reports and in compliance with the requirements of the Listing Rules.

Deloitte Touche Tohmatsu Certified Public Accountants LLP had audited the effectiveness of the Company's internal control in relation to financial reports and provided a report with standard unqualified opinions.

XIV. DIRECTORS AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of China Coal Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 112 to 255, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Standards") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte. 德勤

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on certain non-current assets in coal and coal-chemical businesses	
We identified impairment assessment on certain non-current assets in coal and coal-chemical businesses as a key audit matter owing to the significance of the carrying amounts of these non-current assets on the Group's consolidated statement of financial position and the significant judgment made by the management in determining the recoverable amounts of the corresponding cash-generating units ("CGUs") to which these non-current assets belong. As set out in Note 6(a) to the consolidated financial statements, the management identified the non-current assets relating to one underperformed coal mine, which is a CGU in coal business, and a CGU in coal-chemical business having impairment indications. The management performed impairment assessment to these CGUs and recognised additional impairment losses amounting to RMB7 million for the year ended 31 December 2020. The carrying amount of these assets amounted to RMB4.99 billion (after taking into account the accumulated impairment losses) as at 31 December 2020. The impairment assessment involves the management's judgment in certain areas including the future price, production volume, production costs, capital expenditures and discount rates.	Our procedures in relation to impairment assessment on certain non-current assets in coal and coal-chemical businesses included: • Obtaining an understanding of the key controls over the management's impairment process; • Identifying the key cash flow items in the cash flow projection based on the sensitivity analysis and challenging the basis of preparation of these cash flow items by reference to our knowledge of the related business and industry; • Working with internal specialist to develop expected discount rates to compare with the discount rates used by the management in the impairment tests and investigating material differences, if any; • Comparing the current year actual results with the forecast information used in last year impairment assessment and investigating the causes of significant variances and checking whether these causes were considered and incorporated appropriately in the current year's impairment assessment; • Comparing input data to supporting evidence, including approved budgets, and reviewing the consistency on the basis of preparation of the approved budgets with the approved budgets used in the last year's impairment assessment; and • Checking the arithmetical accuracy on the calculation of the present value of the discounted cash flows forecast prepared by the management.

Deloitte. 德勤

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

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Deloitte. 德勤

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Deloitte. 德勤

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is K.W. Yim.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
24 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000* (Restated)
Revenue	*8*	**140,961,304**	129,334,706
Cost of sales	*12*		
Materials used and goods traded		**(79,194,313)**	(67,301,670)
Staff costs		**(5,264,939)**	(5,545,025)
Depreciation and amortisation		**(9,536,968)**	(9,208,215)
Repairs and maintenance		**(2,415,148)**	(1,861,732)
Transportation costs and port expenses		**(11,876,943)**	(12,435,442)
Sales taxes and surcharges		**(3,650,715)**	(3,485,937)
Others		**(8,557,148)**	(8,490,693)
		(120,496,174)	(108,328,714)
Gross profit		**20,465,130**	21,005,992
Selling expenses	*12*	**(843,421)**	(910,698)
General and administrative expenses	*12*	**(4,722,337)**	(4,622,416)
Other income		**2,617**	968
Other gains and losses, net	*9*	**150,095**	(310,932)
Impairment losses under expected credit loss model, net of reversal	*11*	**(3,152)**	18,070
Profit from operations		**15,048,932**	15,180,984
Finance income	*10*	**154,158**	153,681
Finance costs	*10*	**(4,683,634)**	(4,907,542)
Share of profits of associates and joint ventures		**1,163,844**	2,597,358
Profit before income tax		**11,683,300**	13,024,481
Income tax expense	*15*	**(3,363,448)**	(3,500,818)
Profit for the year		**8,319,852**	9,523,663
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss			
Share of other comprehensive income of associates, net of related income tax		**308**	12,915
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		**(51,089)**	(74,174)
		(50,781)	(61,259)
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		**29,324**	16,048
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		**(9,568)**	11,472
Exchange differences arising on translation of foreign operations		**8,665**	6,182
		28,421	33,702
Other comprehensive expense for the year, net of tax		**(22,360)**	(27,557)
Total comprehensive income for the year		**8,297,492**	9,496,106

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	**Year ended 31 December 2020 RMB'000**	Year ended 31 December 2019 RMB'000 (Restated)
Profit for the year attributable to:			
Equity holders of the Company		**5,350,726**	6,199,338
Non-controlling interests		**2,969,126**	3,324,325
		8,319,852	9,523,663
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**5,321,361**	6,163,010
Non-controlling interests		**2,976,131**	3,333,096
		8,297,492	9,496,106
Basic and diluted earnings per share for the profit attributable to equity holders of the Company *(RMB)*	*17*	**0.40**	0.47

Consolidated Statement of Financial Position

At 31 December 2020

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	*18*	**133,678,512**	129,997,971
Right-of-use assets	*19*	**376,688**	433,788
Investment properties		**88,768**	79,903
Mining rights	*20*	**41,876,581**	38,880,087
Intangible assets	*21*	**1,596,331**	1,627,730
Land use rights	*22*	**6,189,530**	6,154,374
Goodwill		**6,084**	6,084
Interests in associates	*23(b)*	**20,653,583**	20,886,640
Interests in joint ventures	*23(c)*	**3,210,569**	3,289,977
Equity instruments at fair value through other comprehensive income	*24*	**2,276,738**	2,328,755
Deferred income tax assets	*38*	**2,279,022**	2,775,470
Long-term receivables	*25*	**296,999**	250,012
Other non-current assets	*26*	**6,819,656**	10,732,928
Total non-current assets		**219,349,061**	217,443,719
Current assets			
Inventories	*27*	**7,050,244**	8,170,403
Trade receivables	*28*	**7,241,095**	7,314,547
Debt instruments at fair value through other comprehensive income	*28*	**3,520,723**	6,897,430
Contract assets	*29*	**1,482,759**	953,581
Prepayments and other receivables	*30*	**6,981,047**	6,167,108
Restricted bank deposits	*31*	**4,551,140**	3,376,327
Term deposits with initial terms of over three months	*31*	**16,356,551**	10,090,101
Cash and cash equivalents	*31*	**15,041,195**	12,137,655
Total current assets		**62,224,754**	55,107,152
TOTAL ASSETS		**281,573,815**	272,550,871
Current liabilities			
Trade and notes payables	*32*	**25,142,302**	23,270,439
Contract liabilities	*33*	**3,605,775**	2,588,765
Accruals, advances and other payables	*34*	**16,639,596**	18,768,153
Taxes payable		**714,956**	1,001,538
Lease liabilities	*35*	**37,207**	67,329
Short-term borrowings	*36*	**1,668,547**	4,266,347
Current portion of long-term borrowings	*36*	**15,472,354**	22,673,139
Current portion of long-term bonds	*37*	**5,797,259**	10,991,992
Current portion of provision for close down, restoration and environmental costs	*39*	**71,607**	69,762
Total current liabilities		**69,149,603**	83,697,464

Consolidated Statement of Financial Position

At 31 December 2020

		As at 31 December	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Non-current liabilities			
Long-term borrowings	*36*	**51,516,595**	34,374,705
Long-term bonds	*37*	**21,214,064**	21,934,045
Deferred income tax liabilities	*38*	**5,784,058**	5,866,547
Lease liabilities	*35*	**409,074**	436,194
Provision		**33,740**	35,457
Provision for employee benefits		**109,805**	101,142
Provision for close down, restoration and environmental costs	*39*	**3,197,338**	3,247,028
Deferred revenue	*40*	**1,472,858**	1,578,842
Other long-term liabilities	*41*	**5,021,082**	4,001,921
Total non-current liabilities		**88,758,614**	71,575,881
Total liabilities		**157,908,217**	155,273,345
Equity			
Share capital	*42*	**13,258,663**	13,258,663
Reserves	*43*	**46,917,259**	47,108,224
Retained earnings	*43*	**40,483,559**	36,681,075
Equity attributable to the equity holders of the Company		**100,659,481**	97,047,962
Non-controlling interests	*23(a)*	**23,006,117**	20,229,564
Total equity		**123,665,598**	117,277,526
TOTAL EQUITY AND LIABILITIES		**281,573,815**	272,550,871

The consolidated financial statements on pages 112 to 255 were approved and authorised for issue by the Board of Directors on 24 March 2021 and are signed on its behalf by:

Li Yanjiang	**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 2020

	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 1 January 2019 as previously reported	13,258,663	46,304,712	32,357,258	91,920,633	18,530,436	110,451,069
Acquisition of a subsidiary under common control in 2020 *(Note 3.2)*	–	25,500	1,199	26,699	25,652	52,351
At 1 January 2019 (Restated)	13,258,663	46,330,212	32,358,457	91,947,332	18,556,088	110,503,420
Profit for the year (Restated) *(Note 3.2)*	–	–	6,199,338	6,199,338	3,324,325	9,523,663
Other comprehensive (expense) income, net of tax	–	(36,328)	–	(36,328)	8,771	(27,557)
Total comprehensive (expense) income (Restated)	–	(36,328)	6,199,338	6,163,010	3,333,096	9,496,106
Transfer	–	(157,395)	157,395	–	–	–
Appropriations *(Note 43)*	–	873,467	(873,476)	(9)	(6)	(15)
Share of other changes of reserve of associates and joint ventures	–	122,586	(122,586)	–	–	–
Acquisition of a subsidiary under common control in 2019 *(Note 3.1)*	–	(24,318)	–	(24,318)	–	(24,318)
Acquisition of non-controlling interests	–	–	(3,877)	(3,877)	(2,123)	(6,000)
Contributions	–	–	–	–	31,576	31,576
Dividends	–	–	(1,034,176)	(1,034,176)	(1,338,840)	(2,373,016)
Disposal of a subsidiary *(Note 45)*	–	–	–	–	(350,227)	(350,227)
At 31 December 2019 (Restated)	13,258,663	47,108,224	36,681,075	97,047,962	20,229,564	117,277,526

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to the equity holders of the Company					
	Share capital *RMB'000*	**Reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Subtotal** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 31 December 2019 as previously reported	**13,258,663**	**47,082,724**	**36,677,706**	**97,019,093**	**20,201,827**	**117,220,920**
Acquisition of a subsidiary under common control in 2020 *(Note 3.2)*	**–**	**25,500**	**3,369**	**28,869**	**27,737**	**56,606**
At 31 December 2019 (Restated)	**13,258,663**	**47,108,224**	**36,681,075**	**97,047,962**	**20,229,564**	**117,277,526**
Profit for the year	**–**	**–**	**5,350,726**	**5,350,726**	**2,969,126**	**8,319,852**
Other comprehensive (expense) income, net of tax	**–**	**(29,365)**	**–**	**(29,365)**	**7,005**	**(22,360)**
Total comprehensive (expense) income	**–**	**(29,365)**	**5,350,726**	**5,321,361**	**2,976,131**	**8,297,492**
Appropriations *(Note 43)*	**–**	**18,969**	**(18,969)**	**–**	**–**	**–**
Share of other changes of reserves of associates and joint ventures	**–**	**(144,394)**	**144,394**	**–**	**–**	**–**
Acquisition of a subsidiary under common control in 2020 *(Note 3.2)*	**–**	**(25,500)**	**(4,576)**	**(30,076)**	**–**	**(30,076)**
Contributions	**–**	**–**	**–**	**–**	**713,505**	**713,505**
Dividends	**–**	**–**	**(1,683,850)**	**(1,683,850)**	**(929,199)**	**(2,613,049)**
Others	**–**	**(10,675)**	**14,759**	**4,084**	**16,116**	**20,200**
At 31 December 2020	**13,258,663**	**46,917,259**	**40,483,559**	**100,659,481**	**23,006,117**	**123,665,598**

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash generated from operations	*46.1*	**25,875,390**	25,644,997
Income tax paid		**(3,243,394)**	(3,664,386)
Net cash generated from operating activities		**22,631,996**	21,980,611
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(9,356,124)**	(9,351,038)
Proceeds from disposals of property, plant and equipment		**107,533**	69,829
Payments for land use rights, mining rights and intangible assets		**(951,199)**	(1,594,499)
Proceeds from disposals of land use rights, mining rights and intangible assets		**3,574**	4,012
Cash injections in associates and joint ventures		**(41,786)**	(26,001)
Proceeds from disposals of investment in associates		**2,315**	–
Dividends received		**864,709**	941,360
Loan repayment from the Parent Company and fellow subsidiaries (as defined in Note 1)		**1,443,821**	2,784,002
Loans granted to the Parent Company and fellow subsidiaries		**(2,554,000)**	(4,090,000)
Loan granted to an associate		**(4,439)**	–
Interest income on loans to the Parent Company and fellow subsidiaries		**242,125**	172,398
Interest income on loans to joint ventures and associates		**31,141**	20,262
Interest income on term deposits		**263,511**	439,296
Placement of term deposits with initial terms of over three months		**(6,266,450)**	–
Purchases of equity instruments at fair value through other comprehensive income		**–**	(105,000)
Withdrawal of term deposits with initial terms of over three months		**–**	2,065,011
Loan repayment from an associate		**1,275,000**	150,000
Acquisition of a subsidiary	*44*	**8,208**	–
Disposal of a subsidiary	*45*	**–**	(136,644)
Refund of adjusted consideration of acquisition of a subsidiary from the Parent Company in prior years		**688,952**	–
Net cash used in investing activities		**(14,243,109)**	(8,657,012)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000 (Restated)
FINANCING ACTIVITIES		
Proceeds from borrowings	**36,478,940**	20,459,511
Repayment of borrowings	**(29,135,635)**	(21,575,224)
Contributions from non-controlling interests	**435,909**	31,576
Dividends paid to the Company's shareholders	**(1,683,850)**	(1,034,176)
Dividends paid to non-controlling interests	**(489,222)**	(1,120,099)
Acquisition of non-controlling interest of subsidiaries	**–**	(6,000)
Acquisition of subsidiaries under common control	**(30,076)**	(24,318)
Interest paid	**(4,987,443)**	(5,079,198)
Net proceeds from issuance of long-term bonds	**4,995,170**	4,983,333
Repayment of long-term bonds	**(10,917,595)**	(6,000,000)
Repayments of lease liabilities	**(99,221)**	(90,130)
Bonds issuance costs	**(41,933)**	(11,347)
Net cash used in financing activities	**(5,474,956)**	(9,566,072)
Net increase in cash and cash equivalents	**2,913,931**	3,757,527
Cash and cash equivalents at beginning of the year	**12,137,655**	8,375,661
Effect of foreign exchange rate changes	**(10,391)**	4,467
Cash and cash equivalents at end of the year	**15,041,195**	12,137,655

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

2.1 Going Concern

As at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately RMB6,925 million. When the Group needs money to repay the short-term debts or make investments, the Group can finance the fund by the following ways:

- On 10 March 2020, the Company obtained the approval from China Securities Regulatory Commission to issue corporate bonds up to a maximum amount of RMB10,000,000,000 to professional investors. On 18 March 2020, the Company has issued the first tranche of corporate bonds with a principal amount of RMB3,000,000,000, details of which are set out in Note 37.

- On 16 March 2020, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue medium-term notes up to a maximum amount of RMB5,000,000,000. On 13 April 2020, the Company has issued the first tranche of medium-term notes amounting to RMB2,000,000,000 with terms ranging from 5 years to 7 years, details of which are set out in Note 37.

- Unutilised bank facilities are available for draw-down when necessary; and

- Other sources of financing are available given the Group's credit rating and long-term relationship with reputable domestic banks and other financial institutions.

After making enquiries, the directors of the Company have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing these consolidated financial statements.

3. RESTATEMENTS ARISING FROM BUSINESS COMBINATIONS UNDER COMMON CONTROL

3.1 2019 Acquisition

The Group completed the acquisition from China Coal Group the 100% equity interest in Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd. ("Dongrisheng Company"), which was previously acquired by China Coal Group on 1 January 2018, for a cash consideration of RMB24,318,000 on 19 March 2019. The acquisition was referred to as the "2019 Acquisition".

3.2 2020 Acquisition

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

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

Accordingly, the consolidated statement of financial position as at 31 December 2019 has been restated to include the assets and liabilities of Xinji Company at carrying amounts in the books of China Coal Group. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2019 have been restated to include the results and cash flows of Xinji Company as if Xinji Company was a subsidiary of the Company throughout the year ended 31 December 2019. 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 2020 Acquisition (continued)

As a result of the 2020 Acquisition, the relevant line items in the consolidated statement of financial position as at 31 December 2019 have been restated. The following table shows the effect for each individual line item affected:

	The Group (as previously reported)	**Effect of the 2020 Acquisition**	**Elimination**	**The Group (Restated)**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Consolidated statement of financial position at 31 December 2019:				
Non-current assets				
Property, plant and equipment	129,997,871	100	–	129,997,971
Intangible assets	1,627,726	4	–	1,627,730
Deferred income tax assets	2,775,209	261	–	2,775,470
Current assets				
Inventories	8,170,288	115	–	8,170,403
Trade receivables	7,316,222	2,523	(4,198)	7,314,547
Prepayments and other receivables	6,084,181	82,927	–	6,167,108
Cash and cash equivalents	12,137,419	236	–	12,137,655
Current liabilities				
Trade and notes payables	23,249,507	25,130	(4,198)	23,270,439
Accruals, advances and other payables	18,764,686	3,467	–	18,768,153
Taxes payables	1,000,575	963	–	1,001,538
Equity				
Share capital	13,258,663	50,000	(50,000)	13,258,663
Reserves	47,082,724	2,309	23,191	47,108,224
Retained earnings	36,677,706	4,297	(928)	36,681,075
Non-controlling interests	20,201,827	–	27,737	20,229,564

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

3.2 2020 Acquisition (continued)

As a result of the 2020 Acquisition, the relevant line items in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2019, 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 2020 Acquisition *RMB'000*	Elimination *RMB'000*	The Group (Restated) *RMB'000*
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019:				
Revenue	**129,293,733**	**45,385**	**(4,412)**	**129,334,706**
Cost of sales	**(108,296,660)**	**(34,661)**	**2,607**	**(108,328,714)**
General and administrative expenses	**(4,619,442)**	**(4,779)**	**1,805**	**(4,622,416)**
Other gains and losses, net	**(310,696)**	**(236)**	**–**	**(310,932)**
Impairment losses under expected credit loss model, net of reversal	**18,033**	**37**	**–**	**18,070**
Finance income	**153,678**	**3**	**–**	**153,681**
Finance costs	**(4,907,540)**	**(2)**	**–**	**(4,907,542)**
Income tax expense	**(3,499,326)**	**(1,492)**	**–**	**(3,500,818)**
Profit for the year attributable to:				
Equity holders of the Company	**6,197,168**	**4,255**	**(2,085)**	**6,199,338**
Non-controlling interests	**3,322,240**	**–**	**2,085**	**3,324,325**
Total comprehensive income for the year attributable to:				
Equity holders of the Company	**6,160,840**	**4,255**	**(2,085)**	**6,163,010**
Non-controlling interests	**3,331,011**	**–**	**2,085**	**3,333,096**
Consolidated statement of cash flows for the year ended 31 December 2019:				
Net cash generated from (used in):				
Operating activities	**21,983,917**	**(3,306)**	**–**	**21,980,611**
Investing activities	**(8,657,012)**	**–**	**–**	**(8,657,012)**
Financing activities	**(9,566,072)**	**–**	**–**	**(9,566,072)**

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

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

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRS Standards issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	*Definition of Material*
Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRS Standards in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4.1 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The Group has not elected to apply the optional concentration test on the acquisition of a subsidiary as detailed in Note 44 and concluded that such acquisition does not constitute a business in applying the amended definition of a business.

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

4.1 Impacts on application of Amendments to IFRS 3 Definition of a Business (continued)

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

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

IFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[5]
Amendments to IFRS 10 and IAS 28	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
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 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to IFRS Standards	*Annual Improvements to IFRS Standards 2018 – 2020*[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of these new and amendments to IFRS Standards will have no material impact on the consolidated financial statements in the foreseeable future.

5. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments as disclosed in Note 49, 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 Company and its subsidiaries. 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, 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.

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).

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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 exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures

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

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

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

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

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

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

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

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

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

Existence of significant financing component

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

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

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Existence of significant financing component (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

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.

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

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

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

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

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. 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

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.

Effective 1 January 2019, 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

5. 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 are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

Property, plant and equipment

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

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

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

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

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

Mining rights

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred stripping costs

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

Provisions for close down, restoration and environmental costs

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

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

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

Investment properties

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

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

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

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

Impairment of tangible and intangible assets other than goodwill

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

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

In testing a cash-generating unit for impairment, 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.

5. 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.

Provisions

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments/receivables classified as at FVTOCI

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

(iii) Equity instruments designated as at FVTOCI

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

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

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

(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;

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

(iii) Credit-impaired financial assets (continued)

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

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

(iv) Write-off policy

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

(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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

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

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

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

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

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.

5. 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 equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial guarantee contracts

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

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

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

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

Derecognition of financial liabilities

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

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical judgments in applying accounting policies

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

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

Critical judgments in applying accounting policies (continued)

Determination on lease term of contracts with renewal options

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

Key sources of estimation uncertainty

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

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

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

In 2020, the management of the Group identified the non-current assets relating to one underperformed coal mine, which is a cash-generating unit ("CGU") in the coal business, and a CGU in coal-chemical business having impairment indications. The management performed impairment assessment of these CGUs and recognised additional impairment losses amounting to RMB7 million for the year ended 31 December 2020. The carrying amount of these non-current assets amounted to RMB4.99 billion (after taking into account the accumulated impairment losses) as at 31 December 2020.

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

Key sources of estimation uncertainty (continued)

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

As at 31 December 2020, the carrying amount of the non-current assets (mainly property, plant and equipment and mining rights) in the coal business of Yuquan coal mine of Shanghai Datun Energy Resources Company Limited ("Shanghai Datun") is RMB0.51 billion (after taking into account the accumulated impairment losses amounting to RMB0.63 billion). The recoverable amount of the CGU to which these non-current assets belong is determined on the basis of fair value less costs of disposal. The fair value is based on the discounted cash flow model, which are further detailed in Note 20. Key assumptions adopted in the discounted cash flow model and their basis include:

- Future coal price: based on current market price and analysis of factors that may have impact on coal market;
- Production volume: based on the forecasted exploitable reserve or capacity, which shall fall within the range of the design capacity and the current government-approved capacity；
- Production costs: for coal mines in development phase, based on estimated production costs in the feasibility report of the mine;
- Capital expenditures: based on the investment plan necessary for the project under construction to reach the designed capacity;
- Discount rate: weighted average cost of capital reflecting the specific risk to the CGU that market participants would use.

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

Key sources of estimation uncertainty (continued)

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

As at 31 December 2020, the carrying amount of the non-current assets in the coal-chemical business of China Coal Pingshuo Group Company Limited ("China Coal Pingshuo") is RMB4.48 billion. No impairment has been made as the recoverable amount of the CGU to which these non-current assets belong exceed the carrying amount. The recoverable amount of the CGU is determined based on value in use, which are further detailed in Note 18. Key assumptions adopted in the value in use and their basis include:

- Future price: based on current market price and management's analysis of factors that may have impact on the market;
- Production volume: based on management's forecasts of capacity, which shall fall within the range of the design capacity and the current government-approved capacity;
- Production costs: based on records of historical costs or the estimated production costs in the design scheme or the budget;
- Capital expenditures: based on the investment plan necessary for the project under construction to reach the designed capacity;
- Discount rate: weighted average cost of capital reflecting the specific risk to the CGU.

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

(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.

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

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

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

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

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

(d) Provision of ECL for trade receivables

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables are disclosed in Note 49.2.

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

Key sources of estimation uncertainty (continued)

(e) Income taxes

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

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

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

(g) Deferred stripping costs

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

(h) Fair value measurement of financial instruments

As at 31 December 2020, certain of the Group's financial assets, being unquoted equity instruments amounting to RMB2,257,031,000 (2019: RMB2,304,025,000), are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Whilst the Group considers these valuations are the best estimates, the ongoing Covid-19 pandemic has resulted in greater market volatility and may cause further disruptions to the investees' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current year. See Note 49.3 for further disclosures.

7. SEGMENT INFORMATION

7.1 General information

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

The Chief Operating Decision Maker ("CODM") has been identified as the President Office (總裁辦公室).

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

(b) *Operating and reportable segments*

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

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

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

7. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

7. SEGMENT INFORMATION (CONTINUED)

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

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

	Year ended and as at 31 December 2020								
	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	113,896,848	17,054,043	8,941,543	1,241,894	7,020,116	148,154,444	–	(7,193,140)	140,961,304
Inter-segment revenue	(4,197,131)	(325,821)	(1,185,986)	(403,747)	(1,080,455)	(7,193,140)	–	7,193,140	–
Revenue from external customers	109,699,717	16,728,222	7,755,557	838,147	5,939,661	140,961,304	–	–	140,961,304
Segment results									
Profit (loss) from operations	11,655,531	1,889,356	457,042	849,970	640,583	15,492,482	(337,523)	(106,027)	15,048,932
Profit (loss) before income tax	10,395,372	1,408,312	402,131	849,291	405,709	13,460,815	(1,817,159)	39,644	11,683,300
Interest income	319,129	38,714	20,276	–	14,278	392,397	1,280,717	(1,518,956)	154,158
Interest expense	(2,177,299)	(1,037,924)	(94,170)	–	(284,864)	(3,594,257)	(2,883,570)	1,810,956	(4,666,871)
Depreciation and amortisation	(6,291,890)	(2,645,550)	(460,524)	(1,412)	(608,579)	(10,007,955)	(19,287)	–	(10,027,242)
Share of profits of associates and joint ventures	508,907	515,976	20,027	–	1,660	1,046,570	117,274	–	1,163,844
Income tax (expense) credit	(2,501,361)	(115,310)	(32,966)	(216,805)	9,481	(2,856,961)	(505,590)	(897)	(3,363,448)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(15,601)	–	–	–	–	(15,601)	–	–	(15,601)
(Provision for) reversal of impairment of other assets	(6,789)	46,473	(57,612)	15,075	(13,057)	(15,910)	112	(21,602)	(37,400)
Addition to non-current assets	4,325,384	5,948,154	269,975	1,558	21,658	10,566,729	35,346	–	10,602,075
Segment assets and liabilities									
Total assets	153,791,317	48,432,897	17,529,288	40,299,025	12,821,013	272,873,540	37,150,889	(28,450,614)	281,573,815
Including: interests in associates and joint ventures	7,521,296	11,493,490	914,596	–	128,660	20,058,042	3,806,110	–	23,864,152
Total liabilities	68,441,751	23,106,958	6,644,003	35,949,046	5,919,125	140,060,883	67,700,482	(49,853,148)	157,908,217

7. SEGMENT INFORMATION (CONTINUED)

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

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

	Year ended and as at 31 December 2019 (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	104,507,674	17,772,016	8,269,501	1,182,305	5,484,050	137,215,546	–	(7,880,840)	129,334,706
Inter-segment revenue	(4,888,733)	(260,308)	(1,249,136)	(406,202)	(1,076,461)	(7,880,840)	–	7,880,840	–
Revenue from external customers	99,618,941	17,511,708	7,020,365	776,103	4,407,589	129,334,706	–	–	129,334,706
Segment results									
Profit (loss) from operations	13,133,823	2,484,194	303,687	763,115	(901,241)	15,783,578	(424,409)	(178,185)	15,180,984
Profit (loss) before income tax	12,342,933	2,669,489	244,386	763,115	(1,083,399)	14,936,524	(1,893,803)	(18,240)	13,024,481
Interest income	373,743	50,926	15,832	–	16,930	457,431	1,421,888	(1,725,638)	153,681
Interest expense	(2,023,402)	(1,235,573)	(90,258)	–	(199,086)	(3,548,319)	(3,244,804)	1,911,002	(4,882,121)
Depreciation and amortisation	(5,989,253)	(2,586,047)	(439,968)	(1,030)	(647,889)	(9,664,187)	(18,078)	–	(9,682,265)
Share of profits of associates and joint ventures	858,769	1,369,942	15,125	–	–	2,243,836	353,522	–	2,597,358
Income tax (expense) credit	(3,080,829)	(217,385)	(27,341)	(190,673)	166,184	(3,350,044)	(153,072)	2,298	(3,500,818)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(592,415)	–	–	–	–	(592,415)	–	–	(592,415)
(Provision for) reversal of impairment of other assets	(67,618)	38,773	(9,426)	(39,070)	(352)	(77,693)	–	–	(77,693)
Addition to non-current assets	14,866,469	1,444,379	332,276	2,495	1,003,683	17,649,302	18,407	–	17,667,709
Segment assets and liabilities									
Total assets	162,616,669	58,894,891	18,139,397	32,808,304	11,684,570	284,143,831	13,899,144	(25,492,104)	272,550,871
Including: interests in associates and joint ventures	7,581,633	11,734,418	901,124	–	105,000	20,322,175	3,854,442	–	24,176,617
Total liabilities	69,538,778	29,407,744	6,865,944	28,639,839	8,355,676	142,807,981	35,844,113	(23,378,749)	155,273,345

7. SEGMENT INFORMATION (CONTINUED)

7.3 Geographical information

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

Analysis of revenue

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**140,020,354**	128,008,004
Overseas markets	**940,950**	1,326,702
	140,961,304	129,334,706

Analysis of non-current assets

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**210,168,808**	207,084,731
Overseas markets	**386**	771
	210,169,194	207,085,502

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

7.4 Major customers

No revenue from transactions with a single external customer amounts to 10% or more of the Group's revenue for both 2020 and 2019.

8. REVENUE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Goods and services	**139,867,848**	128,331,064
Rental income	**255,309**	227,539
Interest income	**838,147**	776,103
	140,961,304	129,334,706

(i) Disaggregation of revenue from contracts with customers:

	Year ended 31 December 2020				
	Coal	**Coal-chemical products**	**Mining machinery**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Sales of goods recognised					
Sales of coal	**109,270,085**	**–**	**–**	**–**	**109,270,085**
Sales of coal-chemical products	**–**	**16,605,743**	**–**	**–**	**16,605,743**
Sales of mining machinery	**–**	**–**	**7,226,581**	**–**	**7,226,581**
Sales of electric power	**–**	**–**	**–**	**3,776,234**	**3,776,234**
Sales of aluminum products	**–**	**–**	**–**	**1,188,518**	**1,188,518**
Others	**25,506**	**51,615**	**337,496**	**629,669**	**1,044,286**
	109,295,591	**16,657,358**	**7,564,077**	**5,594,421**	**139,111,447**
Provision of services recognised					
Agent services	**7,435**	**–**	**10,094**	**89,510**	**107,039**
Railway services	**–**	**–**	**–**	**165,142**	**165,142**
Others	**156,652**	**67,768**	**180,011**	**79,789**	**484,220**
	164,087	**67,768**	**190,105**	**334,441**	**756,401**
Revenue from contracts with customers	**109,459,678**	**16,725,126**	**7,754,182**	**5,928,862**	**139,867,848**
Analysed by geographical markets					
Domestic markets	**109,190,715**	**16,293,234**	**7,537,249**	**5,905,700**	**138,926,898**
Overseas markets	**268,963**	**431,892**	**216,933**	**23,162**	**940,950**
	109,459,678	**16,725,126**	**7,754,182**	**5,928,862**	**139,867,848**

8. REVENUE (CONTINUED)

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

	Year ended 31 December 2019 (Restated)				
	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Others *RMB'000*	Total *RMB'000*
Sales of goods recognised					
Sales of coal	99,270,409	–	–	–	99,270,409
Sales of coal-chemical products	–	17,222,194	–	–	17,222,194
Sales of mining machinery	–	–	6,584,919	–	6,584,919
Sales of electric power	–	–	–	2,506,142	2,506,142
Sales of aluminum products	–	–	–	992,029	992,029
Others	34,046	252,109	262,968	408,435	957,558
	99,304,455	17,474,303	6,847,887	3,906,606	127,533,251
Provision of services recognised					
Agent services	7,427	–	17,816	264,689	289,932
Railway services	–	–	–	148,299	148,299
Others	125,198	32,011	122,064	80,309	359,582
	132,625	32,011	139,880	493,297	797,813
Revenue from contracts with customers	99,437,080	17,506,314	6,987,767	4,399,903	128,331,064
Analysed by geographical markets					
Domestic markets	98,883,172	16,790,870	6,949,155	4,381,165	127,004,362
Overseas markets	553,908	715,444	38,612	18,738	1,326,702
	99,437,080	17,506,314	6,987,767	4,399,903	128,331,064

8. REVENUE (CONTINUED)

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

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

	Year ended 31 December 2020			
	Segment revenue *RMB'000*	**Eliminations** *RMB'000*	**Less: rental and interest income** *RMB'000*	**Consolidated** *RMB'000*
Coal	**113,896,848**	**(4,197,131)**	**(240,039)**	**109,459,678**
Coal-chemical products	**17,054,043**	**(325,821)**	**(3,096)**	**16,725,126**
Mining machinery	**8,941,543**	**(1,185,986)**	**(1,375)**	**7,754,182**
Finance	**1,241,894**	**(403,747)**	**(838,147)**	**–**
Others	**7,020,116**	**(1,080,455)**	**(10,799)**	**5,928,862**
Total	**148,154,444**	**(7,193,140)**	**(1,093,456)**	**139,867,848**

	Year ended 31 December 2019 (Restated)			
	Segment revenue *RMB'000*	Eliminations *RMB'000*	Less: rental income *RMB'000*	Consolidated *RMB'000*
Coal	104,507,674	(4,888,733)	(181,861)	99,437,080
Coal-chemical products	17,772,016	(260,308)	(5,394)	17,506,314
Mining machinery	8,269,501	(1,249,136)	(32,598)	6,987,767
Finance	1,182,305	(406,202)	(776,103)	–
Others	5,484,050	(1,076,461)	(7,686)	4,399,903
Total	137,215,546	(7,880,840)	(1,003,642)	128,331,064

(ii) Performance obligations for contracts with customers

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

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

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

8. REVENUE (CONTINUED)

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

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

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

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

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

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

9. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Impairment loss of:		
– mining rights *(Note 20)*	**(7,000)**	(9,224)
– property, plant and equipment	**(15,601)**	(592,415)
– prepayments	**(40)**	(16,545)
– other non-current assets	**–**	(62,400)
Gain or loss on disposal of:		
– property, plant and equipment	**(21,230)**	(13,517)
– investments in associates	**1,110**	7,440
– subsidiaries	**–**	143
Government grants	**218,593**	185,501
Others	**(25,737)**	190,085
	150,095	(310,932)

10. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Finance income:		
– Interest income on bank deposits	**76,879**	82,703
– Interest income on loans receivables	**77,279**	70,978
Total finance income	**154,158**	153,681
Interest expenses:		
– Borrowings	**3,131,474**	3,357,089
– Long-term bonds	**1,598,230**	1,817,248
– Unwinding of discount	**261,237**	135,872
– Lease liabilities	**24,839**	26,912
Other incidental bank charges	**6,372**	14,833
Net foreign exchange losses	**10,391**	10,588
Finance costs	**5,032,543**	5,362,542
Less: amounts capitalised on qualifying assets *(Note)*	**(348,909)**	(455,000)
Total finance costs	**4,683,634**	4,907,542
Finance costs, net	**4,529,476**	4,753,861

Note:

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

	Year ended 31 December	
	2020	2019
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**3.80%-4.89%**	3.43%-5.61%

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Impairment loss (recognised) reversed on:		
– Trade receivables	**(41,376)**	31,295
– Other receivables	**51,090**	26,455
– Contract assets	**(6,335)**	(607)
– Loans to the Parent Company and fellow subsidiaries	**(16,043)**	(27,647)
– Debt instruments at FVTOCI	**9,568**	(11,472)
– Other	**(56)**	46
	(3,152)	18,070

Details of impairment assessment are set out in Note 49.2.

12. EXPENSES BY NATURE

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Depreciation *(Note (a))*	**9,201,385**	8,956,391
Amortisation *(Note (b))*	**825,857**	725,874
Materials used and goods traded	**79,304,556**	67,368,856
Transportation costs and port expenses	**11,876,943**	12,435,442
Sales tax and surcharges	**3,650,715**	3,485,937
Auditor's remuneration		
– Audit service	**11,000**	10,720
– Non-audit service	**–**	–
Repairs and maintenance	**2,461,633**	1,937,609
Lease expenses under recognition exemption	**87,270**	74,592
Employee benefit expense (including directors' emoluments) *(Note (c))*	**8,235,293**	8,596,787
Other expenses	**10,407,280**	10,269,620
Total cost of sales, selling expenses and general and administrative expenses	**126,061,932**	113,861,828

12. EXPENSES BY NATURE (CONTINUED)

Notes:

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Depreciation for the year		
– Property, plant and equipment *(Note 18)*	**9,168,375**	8,905,482
– Investment properties	**4,343**	3,556
– Right-of-use assets *(Note 19)*	**80,554**	73,002
Less: capitalised in inventories which remained unsold as at year end	**(9,208)**	(11,306)
capitalised in construction in progress	**(42,679)**	(14,343)
Amount charged to profit or loss	**9,201,385**	8,956,391
Charged to:		
Expenses		
– Cost of sales	**8,744,324**	8,526,480
– Selling expenses and general and administrative expenses	**457,061**	429,911
	9,201,385	8,956,391

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Amortisation for the year		
– Land use rights *(Note 22)*	**151,834**	153,503
– Mining rights *(Note 20)*	**488,563**	419,316
– Intangible assets *(Note 21)*	**146,384**	139,927
– Long-term deferred expenses included in other non-current assets	**40,834**	15,790
Less: capitalised in inventories which remained unsold as at year end	**(543)**	(957)
capitalised in construction in progress	**(1,215)**	(1,705)
Amount charged to profit or loss	**825,857**	725,874

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Charged to:		
Cost of sales	**5,264,939**	5,545,025
Selling expenses and general and administrative expenses	**2,970,354**	3,051,762
	8,235,293	8,596,787

(d) The research and development costs recognised as expenses are RMB523,328,000 (2019: RMB287,667,000 (restated)) during the year.

13. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Wages, salaries and allowances	**5,693,782**	5,862,912
Housing subsidies *(Note (a))*	**554,517**	490,848
Contributions to pension plans *(Note (b))*	**748,866**	971,080
Welfare and other expenses	**1,238,128**	1,271,947
	8,235,293	8,596,787

Notes:

(a) These mainly include the Group's contributions to government-sponsored housing funds in the PRC at rates ranging from 12% to 25% (2019: 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% (2019: 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. During the period from 1 February 2020 to 30 June 2020, the Group's contribution rate for certain pension plans was halved according to a series of notices released by relevant governments in PRC.

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

	Year ended 31 December	
	2020	2019
	No. of employees	No. of employees
Director	**–**	–
Non-director individuals	**5**	5
	5	5

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Basic salaries, housing subsidies, other allowances and benefits-in-kind	**2,350**	2,348
Contributions to pension plans	**317**	774
Discretionary bonuses	**3,794**	3,997
	6,461	7,119

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	
	2020	2019
	No. of employees	No. of employees
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**4**	5
	5	5

14. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

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

The emoluments of directors and supervisors for the year ended 31 December 2020 are set out below:

	2020 Emoluments paid or payable in respect of a person's service as a director or supervisor, whether of the Company or its subsidiary undertaking						
Name	Fees	Salary	Bonus	Housing allowance	Social benefits	Employer's contribution to benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman, executive director:							
Mr. LI Yanjiang	–	–	–	–	–	–	–
Executive directors:							
Mr. PENG Yi	–	–	–	–	–	–	–
Non-executive directors:							
Mr. ZHAO Rongzhe	–	–	–	–	–	–	–
Mr. XU Qian	–	–	–	–	–	–	–
Mr. DU Ji'an	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. ZHANG Ke	–	300	–	–	–	–	300
Mr. ZHANG Chengjie	–	90	–	–	–	–	90
Mr. LEUNG Chong Shun	–	300	–	–	–	–	300
	–	690	–	–	–	–	690
Supervisors:							
Mr. ZHOU Litao *(note i)*	–	–	–	–	–	–	–
Mr. WANG Wenzhang	–	426	284	40	32	87	869
Mr. ZHANG Shaoping	–	462	364	40	33	46	945
	–	888	648	80	65	133	1,814
	–	1,578	648	80	65	133	2,504

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

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

The emoluments of directors and supervisors for the year ended 31 December 2019 are set out below:

	2019 Emoluments paid or payable in respect of a person's service as a director or supervisor, whether of the Company or its subsidiary undertaking						
Name	Fees	Salary	Bonus	Housing allowance	Social benefits	Employer's contribution to benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman, executive director:							
Mr. LI Yanjiang	–	–	–	–	–	–	–
Executive directors:							
Mr. PENG Yi	–	–	–	–	–	–	–
Mr. NIU Jianhua *(note ii)*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Non-executive directors:							
Mr. ZHAO Rongzhe	–	–	–	–	–	–	–
Mr. XU Qian	–	–	–	–	–	–	–
Mr. DU Ji'an	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. ZHANG Ke	–	300	–	–	–	–	300
Mr. ZHANG Chengjie	–	300	–	–	–	–	300
Mr. LEUNG Chong Shun	–	300	–	–	–	–	300
	–	900	–	–	–	–	900
Supervisors:							
Mr. ZHOU Litao	–	–	–	–	–	–	–
Mr. WANG Wenzhang	–	407	204	38	35	97	781
Mr. ZHANG Shaoping	–	449	295	38	40	85	907
	–	856	499	76	75	182	1,688
	–	1,756	499	76	75	182	2,588

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

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

Notes:

(i) Mr. ZHOU Litao resigned from the position of supervisors on 18 August 2020.

(ii) Mr. NIU Jianhua resigned from the position of executive director on 18 November 2019.

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

Mr. LI Yanjiang, Mr. PENG Yi, Mr. DU Ji'an, Mr. XU Qian, Mr. ZHOU Litao and Mr. ZHAO Rongzhe received emoluments from China Coal Group, part of which is in relation to their services to the Company.

No apportionment has been made as the directors consider that it is impractical to apportion this amount between their services to the Company and their service to the Parent Company.

(b) Directors' and supervisors' retirement benefits

The retirement benefits paid to all directors and supervisors during the year ended 31 December 2020 in respect of their services as directors and supervisors of the Company and its subsidiaries is RMB133,000 (2019: RMB182,000).

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 (2019: nil).

(c) Directors' and supervisors' termination benefits

During the years ended 31 December 2019 and 2020, no payment to the directors and supervisors as compensation for the early termination of the appointment was made by the Company.

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

(d) During the years ended 31 December 2019 and 2020, 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 (2019: nil).

During the years ended 31 December 2019 and 2020, and as at 31 December 2019 and 2020, 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 2019 and 2020, no directors or supervisors of the Company waived any emoluments.

(g) No executive directors of the Company are entitled to bonus payments which are determined based on a percentage of the Group's profit after tax of the year.

15. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– PRC enterprise income tax *(Note (a))*	**2,956,812**	3,490,938
Deferred income tax *(Note 38)*	**406,636**	9,880
	3,363,448	3,500,818

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 2020 and 2019 is 25% on the assessable income of each of the companies now comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rate of 15% based on the relevant PRC tax laws and regulations.

15. INCOME TAX EXPENSE (CONTINUED)

Notes: (continued)

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**11,683,300**	13,024,481
Tax calculated at statutory income tax rate of 25% (2019: 25%) in the PRC	**2,920,825**	3,256,121
Effect of preferential tax rates on income of certain subsidiaries	**(148,375)**	(248,788)
Adjust income tax of the previous period	**16,563**	35,979
Income not subject to taxation	**(291,616)**	(649,939)
Expenses not deductible for taxation purposes	**122,453**	15,018
Utilisation of previously unrecognised tax losses	**(35,079)**	(16,546)
Tax losses for which no deferred income tax asset has been recognised	**388,988**	669,036
Deductible temporary differences for which no deferred income tax asset has been recognised	**9,985**	185,797
Recognition of previously unrecognised deductible temporary differences	**(12,748)**	(48,178)
Additional expenses allowable for tax deduction	**(111,388)**	(46,641)
Others	**503,840**	348,959
Income tax expense	**3,363,448**	3,500,818

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

	Year ended 31 December 2020			Year ended 31 December 2019		
		Tax charge/			Tax charge/	
	Before tax	**(credit)**	**After tax**	Before tax	(credit)	After tax
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Fair value changes on equity instruments measured at FVTOCI	**52,017**	**(928)**	**51,089**	74,303	(129)	74,174
Fair value changes on debt instruments measured at FVTOCI	**(37,575)**	**8,251**	**(29,324)**	(22,931)	6,883	(16,048)
Share of other comprehensive income of associates that will not be reclassified to profit or loss	**(308)**	**–**	**(308)**	(12,915)	–	(12,915)
Impairment loss for debt instruments at FVTOCI included in profit or loss, net of reversal	**9,568**	**–**	**9,568**	(11,472)	–	(11,472)
Exchange differences arising on translation of foreign operations	**(8,665)**	**–**	**(8,665)**	(6,182)	–	(6,182)
Other comprehensive expense	**15,037**	**7,323**	**22,360**	20,803	6,754	27,557
Deferred tax		**7,323**			6,754	

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Deferred tax	**7,323**	6,754

16. DIVIDENDS

During the year ended 31 December 2020, dividends for ordinary shareholders of the Company recognised as distribution is RMB1,683,850,000 being final divided for the year ended 31 December 2019 of RMB0.127 per share for 13,258,663,400 shares (2019: RMB1,034,176,000, being final divided for the year ended 31 December 2018 of RMB0.078 per share for 13,258,663,400 shares).

A total dividend of RMB1,771,250,000 for the year ended 31 December 2020 has been proposed by the directors of the Company and is subject to approval by the shareholders at the 2020 annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Proposed final dividend	**1,771,250**	1,687,931

17. EARNINGS PER SHARE

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

	Year ended 31 December	
	2020	2019
		(Restated)
Profit attributable to the equity holders of the Company (RMB'000)	**5,350,726**	6,199,338
Number of ordinary shares in issue (in thousands)	**13,258,663**	13,258,663
Basic earnings per share (RMB per share)	**0.40**	0.47

As the Company had no potential ordinary shares in issue for the years ended 31 December 2020 and 2019, diluted earnings per share equals to basic earnings per share.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Mining structures *RMB'000*	Plant, machinery and equipment *RMB'000*	Railway structures *RMB'000*	Motor vehicles, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Year ended 31 December 2019							
Opening net book amount (Restated)	38,169,639	20,195,342	43,863,483	3,142,027	1,049,732	25,662,240	132,082,463
Additions	15,639	2,744,384	1,867,703	–	138,076	8,457,650	13,223,452
Transfers upon completion of construction	4,937,758	2,689,297	8,055,448	52,150	32,510	(15,767,163)	–
Transfer to land use rights, mining rights and intangible assets	–	–	–	–	–	(460,895)	(460,895)
Disposal of a subsidiary	–	–	–	–	–	(5,275,568)	(5,275,568)
Reclassification	(78,549)	747,381	(669,444)	6,263	(5,651)	–	–
Disposals	(9,979)	–	(50,417)	–	(13,188)	–	(73,584)
Depreciation charges (Restated) *(Note 12)*	(1,723,035)	(1,853,834)	(4,969,929)	(99,625)	(259,059)	–	(8,905,482)
Provision for impairment	(20,512)	–	(564,560)	–	–	(7,343)	(592,415)
Closing net book amount	41,290,961	24,522,570	47,532,284	3,100,815	942,420	12,608,921	129,997,971
At 31 December 2019 (Restated)							
Cost	52,177,528	34,254,385	86,864,345	4,025,281	3,332,670	12,794,718	193,448,927
Accumulated depreciation	(10,485,071)	(9,730,645)	(37,367,479)	(924,466)	(2,324,982)	–	(60,832,643)
Impairment provision	(401,496)	(1,170)	(1,964,582)	–	(65,268)	(185,797)	(2,618,313)
Net book amount	41,290,961	24,522,570	47,532,284	3,100,815	942,420	12,608,921	129,997,971

18. 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 2020							
Opening net book amount (restated)	41,290,961	24,522,570	47,532,284	3,100,815	942,420	12,608,921	129,997,971
Additions	97,022	1,592,275	1,144,307	–	368,013	8,042,525	11,244,142
Transfers upon completion of construction	545,672	44,341	970,428	167,739	86,807	(1,814,987)	–
Transfer to land use rights and intangible assets	–	–	–	–	–	(56,812)	(56,812)
Acquisition of a subsidiary *(Note 44)*	3,813	–	–	–	411	1,795,609	1,799,833
Reclassification	(5,684,128)	5,535,826	149,284	–	(982)	–	–
Disposals	(59,853)	–	(48,003)	–	(14,790)	–	(122,646)
Depreciation charges *(Note 12)*	(1,726,994)	(2,112,225)	(5,016,849)	(107,512)	(204,795)	–	(9,168,375)
Provision for impairment	–	–	(15,601)	–	–	–	(15,601)
Closing net book amount	34,466,493	29,582,787	44,715,850	3,161,042	1,177,084	20,575,256	133,678,512
At 31 December 2020							
Cost	47,125,795	41,490,482	88,694,314	4,193,020	3,714,594	20,761,054	205,979,259
Accumulated depreciation	(12,125,783)	(11,906,525)	(42,133,292)	(1,031,978)	(2,471,450)	–	(69,669,028)
Impairment provision	(533,519)	(1,170)	(1,845,172)	–	(66,060)	(185,798)	(2,631,719)
Net book amount	34,466,493	29,582,787	44,715,850	3,161,042	1,177,084	20,575,256	133,678,512

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

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

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

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2020, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB8,663,194,000 (2019: RMB8,452,250,000), selling expenses and general and administrative expenses with an amount of RMB453,294,000 (2019: RMB427,583,000 (restated)), construction in progress with an amount of RMB42,679,000 (2019: RMB14,343,000), and cost of inventories which remained unsold as at year end with an amount of RMB9,208,000 (2019: RMB11,306,000) respectively.

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB1,179,583,000 (2019: RMB1,729,876,000).

As at 31 December 2020, the Group was in process of applying the ownership certificates of buildings with net book amount of RMB5,585,670,000 (2019: RMB5,369,653,000).

As detailed in Note 6 (a), during the year ended 31 December 2020, the management of the Group identified property, plant and equipment and intangible assets in the coal-chemical business of China Coal Pingshuo with impairment indicator, and performed impairment assessment to estimate the recoverable amount of the CGU to which these non-current assets belong. No impairment was recognised as the recoverable amount of the CGU exceed its carrying amount. The recoverable amount of the CGU has been determined on the basis of value in use with pre-tax discount rate of 11.77%, based on a one year budget approved by the management and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation include estimation of future price, production volume, production costs and capital expenditure.

In addition, during the year ended 31 December 2020, the management of the Group planned to dispose of certain property plant and equipment of Shanxi China Coal Huajin Energy Company Limited ("China Coal Huajin"). The management of the Group reviewed the conditions of these property, plant and equipment and determined the recoverable amount of these assets (by reference to current replacement cost basis) is lower than the carrying amount and, therefore, impairment losses amounting to RMB15,601,000 were recognised in other gains and losses, net.

19. RIGHT-OF-USE ASSETS

	Land	Buildings	Machinery	Motor vehicles and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019					
Carrying amount	405,781	67,684	–	–	473,465
As at 31 December 2019					
Carrying amount	375,659	37,861	8,672	11,596	433,788
For the year ended 31 December 2019					
Additions	1,092	6,258	12,761	13,214	33,325
Depreciation charges *(Note 12)*	31,214	36,081	4,089	1,618	73,002
Expense relating to short-term leases (restated)					74,592
Total cash outflow for leases					157,091

	Land	**Buildings**	**Machinery**	**Motor vehicles and other equipment**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
As at 1 January 2020					
Carrying amount	**375,659**	**37,861**	**8,672**	**11,596**	**433,788**
As at 31 December 2020					
Carrying amount	**344,550**	**4,034**	**2,108**	**25,996**	**376,688**
For the year ended 31 December 2020					
Additions	**738**	**2,807**	**4,670**	**13,300**	**21,515**
Depreciation charges *(Note 12)*	**31,847**	**37,609**	**4,577**	**6,521**	**80,554**
Expense relating to short-term leases					**87,270**
Total cash outflow for leases					**186,491**

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

20. MINING RIGHTS

	RMB'000
Year ended 31 December 2019	
Opening net book amount	35,552,718
Additions	3,341,475
Transferred from property, plant and equipment	414,434
Impairment provision	(9,224)
Amortisation charges	(419,316)
Closing net book amount	38,880,087
At 31 December 2019	
Cost	44,208,590
Accumulated amortisation	(4,533,662)
Impairment provision	(794,841)
Net book amount	38,880,087

	RMB'000
Year ended 31 December 2020	
Opening net book amount	**38,880,087**
Additions	**304,292**
Acquisition of a subsidiary *(Note 44)*	**3,187,045**
Impairment provision	**(7,000)**
Other adjustment on impairment provision	**720**
Amortisation charges	**(488,563)**
Closing net book amount	**41,876,581**
At 31 December 2020	
Cost	**47,699,927**
Accumulated amortisation	**(5,022,225)**
Impairment provision	**(801,121)**
Net book amount	**41,876,581**

The amortisation charges were mainly recorded in cost of sales for the years ended 31 December 2020 and 2019.

20. MINING RIGHTS (CONTINUED)

As detailed in Note 6(a), during the year ended 31 December 2020, the management of the Group identified the property, plant and equipment and mining rights in the coal business of Yuquan coal mine of Shanghai Datun with impairment indicator due to "Response on Shanghai Datun's preliminary work of withdrawing from Shanxi Yuquan Coal Industry Co., Ltd. and Shanxi China Coal Yulong Energy Co., Ltd." (China Coal Finance [2018] No. 50). As the recoverable amount of the CGU to which these non-current assets belong is lower than its carrying amount, additional impairment losses for the Group's mining rights amounting to RMB7,000,000 (2019: RMB8,504,000) were recognised for the year. The recoverable amount of the CGU has been determined on the basis of fair value less costs of disposal. The fair value is based on the discounted cash flow model with pre-tax discount rate of 13.29% (2019: 12.59%). Key assumptions adopted include estimation of future price, production volume, production costs and capital expenditure.

21. INTANGIBLE ASSETS

	Technical know-how	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2019 (Restated)			
Opening net book amount	1,274,726	414,682	1,689,408
Additions	1,663	37,417	39,080
Transferred from property, plant and equipment	24,450	14,719	39,169
Amortisation charges	(88,491)	(51,436)	(139,927)
Closing net book amount	1,212,348	415,382	1,627,730
At 31 December 2019 (Restated)			
Cost	1,564,232	741,268	2,305,500
Accumulated amortisation	(351,884)	(325,886)	(677,770)
Net book amount	1,212,348	415,382	1,627,730

21. INTANGIBLE ASSETS (CONTINUED)

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

The amortisation charges were mainly recorded in cost of sales, selling expenses and general and administrative expenses for the years ended 31 December 2020 and 2019.

Other intangible assets mainly include emission rights and computer softwares.

22. LAND USE RIGHTS

	RMB'000
Year ended 31 December 2019	
Opening net book amount	5,320,455
Additions	980,130
Transferred from property, plant and equipment	7,292
Amortisation charges	(153,503)
Closing net book amount	6,154,374
At 31 December 2019	
Cost	7,336,260
Accumulated amortisation	(1,156,244)
Impairment provision	(25,642)
Net book amount	6,154,374

	RMB'000
Year ended 31 December 2020	
Opening net book amount	**6,154,374**
Additions	**171,774**
Acquisition of a subsidiary *(Note 44)*	**10,915**
Transferred from property, plant and equipment	**20,483**
Transfer to intangible assets	**(14,382)**
Disposals	**(1,800)**
Amortisation charges	**(151,834)**
Closing net book amount	**6,189,530**
At 31 December 2020	
Cost	**7,511,554**
Accumulated amortisation	**(1,296,382)**
Impairment provision	**(25,642)**
Net book amount	**6,189,530**

Bank borrowings are secured on land use rights for the carrying value of RMB67,508,000 (2019: RMB71,010,000).

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

The amortisation charges were recorded in cost of sales with an amount of RMB76,523,000 (2019: RMB82,007,000), selling expenses and general and administrative expenses with an amount of RMB74,259,000 (2019: RMB70,384,000) and construction in progress with an amount of RMB1,052,000 (2019: RMB1,112,000).

As at 31 December 2020, the Group was in process of applying the ownership certificates of land use rights with net carrying amounts of RMB397,521,000 (2019: RMB912,567,000).

23(a) SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2020. 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.

(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	RMB722,718,000	62.43%	62.43%	37.57%	Coal mining and sale of coal in Peixian, the PRC	Joint stock with limited liability
Unlisted –							
China Coal Pingshuo (中煤平朔集團有限公司)	Shuozhou, the PRC	RMB21,779,370,000	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	RMB8,632,886,791	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	RMB1,048,813,800	100%	100%	–	Sale of coke in Beijing, Tianjin and Taiyuan, the PRC	Limited liability company
China Coal Huajin (山西中煤華晉能源有限責任公司)	Taiyuan, the PRC	RMB10,000,000,000	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	RMB894,964,305	100%	100%	–	Trading of mining equipment in Beijing, the PRC	Limited liability company

23(a) SUBSIDIARIES (CONTINUED)

(i) Principal subsidiaries (continued)

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Unlisted – (continued)							
China Coal Ordos Energy Chemical Company Limited (中煤鄂爾多斯能源化工有限公司)	Ordos, the PRC	RMB4,193,424,800	100%	100%	–	Coal-chemical sales in Ordos, 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	RMB125,000,000	19%	60%	40%	Processing and sale of coal in Datong, the PRC	Sino-foreign joint venture
China Coal Heilongjiang Coal Chemical Company Limited (中煤能源黑龍江煤化工有限公司)	Yilan, the PRC	RMB2,474,873,500	100%	100%	–	Coal-chemical sales in Yilan,the PRC	Limited liability company
China Coal Xinjiang Coal Electricity Chemical Company Limited (中煤能源新疆煤電化有限公司)	Jimsar County in Changji Prefecture, the PRC	RMB800,000,000	60%	60%	40%	Electricity in Jimsar County in Changji Prefecture, the PRC	Limited liability company
China Coal Hami Coal Industry Company Limited (中煤能源哈密煤業有限公司)	Hami, the PRC	RMB614,766,400	100%	100%	–	Coal mining and sale of coal in Hami, the PRC	Limited liability company
Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited (內蒙古中煤蒙大新能源化工有限公司)	Ordos, the PRC	RMB3,198,601,000	100%	100%	–	Manufacture and sale of coal-chemical products in Ordos, the PRC	Limited liability company
Wushenqi Mengda Mining Company Limited ("Mengda Mining") (烏審旗蒙大礦業有限責任公司)	Ordos, the PRC	RMB854,000,000	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	RMB1,274,087,300	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	RMB10,176,660,000	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	RMB94,493,800	78.84%	78.84%	21.16%	Coal mine development in Ordos, the PRC	Limited liability company

23(a) SUBSIDIARIES (CONTINUED)

(i) Principal subsidiaries (continued)

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Unlisted – (continued)							
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	RMB50,000,000	51%	51%	49%	Coal mine development in Linfen, the PRC	Limited liability company
China Coal Sales and Transportation Company Limited (中國煤炭銷售運輸有限責任公司)	Beijing, the PRC	RMB3,197,361,498	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	RMB16,350,000	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	RMB50,000,000	63%	63%	37%	Coal mine development in Linfen, the PRC	Limited liability company
Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司)	Ordos, the PRC	RMB1,032,399,000	75%	75%	25%	Manufacture and sale of coal-chemical products in Ordos, the PRC	Limited liability company
China Coal Finance Co., Ltd. ("China Coal Finance") (中煤財務有限責任公司)	Beijing, the PRC	RMB3,000,000,000	91%	91%	9%	Finance in Beijing, the PRC	Limited liability company
Wushenqi Mengda Energy Environmental Protection Company Limited (烏審旗蒙大能源環保有限公司)	Ordos, the PRC	RMB15,000,000	–	70%	30%	Waste disposal in Ordos, the PRC	Limited liability company
China Coal Northwest Energy Company Limited (中煤西北能源有限公司)	Ordos, the PRC	RMB1,000,000,000	100%	100%	–	Coal mine development in Ordos, the PRC	Limited liability company
China Coal Chemicals (Tianjin) Company Limited (中煤化(天津)化工銷售有限公司)	Tianjin, the PRC	RMB500,000,000	100%	100%	–	Manufacture and sale of coal-chemical products in Tianjin, the PRC	Limited liability company

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests

The non-controlling interests are set out as below:

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
Subsidiaries with material non-controlling interests		
Shanghai Datun	**4,009,513**	3,918,240
China Coal Huajin	**10,281,081**	8,380,410
Mengda Mining	**1,592,067**	1,523,071
Yihua Mining	**2,355,070**	2,187,907
Others	**4,768,386**	4,219,936
	23,006,117	20,229,564

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

Summarised financial information on subsidiaries with material non-controlling interests

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

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position

	Shanghai Datun	
	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Current assets	**2,139,988**	2,296,615
Non-current assets	**15,204,441**	15,010,833
	17,344,429	17,307,448
Current liabilities	**4,325,978**	4,937,941
Non-current liabilities	**2,270,275**	1,978,958
	6,596,253	6,916,899
Equity attributable to the equity holders of the Company	**6,738,663**	6,472,309
Non-controlling interests of Shanghai Datun	**4,006,526**	3,846,235
Non-controlling interests of Shanghai Datun's subsidiaries	**2,987**	72,005
Net assets	**10,748,176**	10,390,549

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	China Coal Huajin	
	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Current assets	**10,129,730**	8,476,603
Non-current assets	**15,197,951**	14,473,061
	25,327,681	22,949,664
Current liabilities	**4,130,077**	3,843,908
Non-current liabilities	**2,153,195**	3,440,257
	6,283,272	7,284,165
Equity attributable to the equity holders of the Company	**8,763,328**	7,285,089
Non-controlling interests of China Coal Huajin	**8,724,397**	7,026,530
Non-controlling interests of China Coal Huajin's subsidiaries	**1,556,684**	1,353,880
Net assets	**19,044,409**	15,665,499

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	Mengda Mining	
	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Current assets	**1,475,990**	1,598,702
Non-current assets	**13,790,022**	13,957,080
	15,266,012	15,555,782
Current liabilities	**3,350,144**	4,390,954
Non-current liabilities	**7,233,317**	6,685,207
	10,583,461	11,076,161
Equity attributable to the equity holders of the Company	**3,090,484**	2,956,550
Non-controlling interests of Mengda Mining	**1,592,067**	1,523,071

	Yihua Mining	
	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Current assets	**1,270,878**	724,125
Non-current assets	**10,839,801**	10,993,050
	12,110,679	11,717,175
Current liabilities	**4,701,445**	1,584,295
Non-current liabilities	**2,602,970**	5,667,765
	7,304,415	7,252,060
Equity attributable to equity holders of the Company	**2,451,194**	2,277,208
Non-controlling interests of Yihua Mining	**2,355,070**	2,187,907

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income

	Shanghai Datun	
	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Revenue	**7,654,121**	7,622,552
Profit before income tax	**706,162**	618,260
Income tax expense	**(178,365)**	(166,267)
Profit for the year	**527,797**	451,993
Other comprehensive income for the year	**2,561**	6,108
Total comprehensive income for the year	**530,358**	458,101
Dividends paid to non-controlling interests of Shanghai Datun	**64,894**	76,027
Profit attributable to equity holders of the Company	**372,592**	334,740
Profit attributable to the non-controlling interests of Shanghai Datun	**224,223**	201,445
Loss attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(69,018)**	(84,192)
Other comprehensive income attributable to the equity holders of the Company	**1,599**	3,816
Other comprehensive income attributable to the non-controlling interests of Shanghai Datun	**962**	2,297
Other comprehensive expense attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**–**	(5)
Total comprehensive income attributable to the equity holders of the Company	**374,191**	338,556
Total comprehensive income attributable to the non-controlling interests of Shanghai Datun	**225,185**	203,742
Total comprehensive expense attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(69,018)**	(84,197)

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

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

	China Coal Huajin	
	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Revenue	**10,050,484**	11,034,818
Profit before income tax	**5,225,371**	5,729,292
Income tax expense	**(1,266,015)**	(1,585,092)
Profit for the year	**3,959,356**	4,144,200
Other comprehensive income for the year	**9,854**	16,957
Total comprehensive income for the year	**3,969,210**	4,161,157
Dividends paid to non-controlling interests of China Coal Huajin	**220,500**	220,500
Profit attributable to the equity holders of the Company	**1,688,658**	1,686,683
Profit attributable to the non-controlling interests of China Coal Huajin	**1,622,436**	1,620,538
Profit attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**648,262**	836,979
Other comprehensive income attributable to the equity holders of the Company	**3,131**	6,660
Other comprehensive income attributable to the non-controlling interests of China Coal Huajin	**3,008**	6,400
Other comprehensive income attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**3,715**	3,897
Total comprehensive income attributable to the equity holders of the Company	**1,691,789**	1,693,343
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin	**1,625,444**	1,626,938
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**651,977**	840,876

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

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

	Mengda Mining	
	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Revenue	**3,059,499**	2,803,542
Profit before income tax	**428,853**	920,665
Income tax expense	**(225,917)**	(168,382)
Profit for the year	**202,936**	752,283
Other comprehensive (expense) income for the year	**(5)**	1,316
Total comprehensive income for the year	**202,931**	753,599
Dividends paid to non-controlling interests of Mengda Mining	**–**	–
Profit attributable to the equity holders of the Company	**133,938**	496,507
Profit attributable to the non-controlling interests of Mengda Mining	**68,998**	255,776
Other comprehensive (expense) income attributable to the equity holders of the Company	**(3)**	869
Other comprehensive (expense) income attributable to the non-controlling interests of Mengda Mining	**(2)**	447
Total comprehensive income attributable to the equity holders of the Company	**133,935**	497,376
Total comprehensive income attributable to the non-controlling interests of Mengda Mining	**68,996**	256,223

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

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

	Yihua Mining	
	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Revenue	**2,419,762**	2,409,951
Profit before income tax	**469,575**	645,556
Income tax expense	**(128,309)**	(165,870)
Profit for the year	**341,266**	479,686
Other comprehensive expense for the year	**(117)**	(227)
Total comprehensive income for the year	**341,149**	479,459
Dividends paid to non-controlling interests of Yihua Mining	**–**	–
Profit attributable to the equity holders of the Company	**174,046**	244,640
Profit attributable to the non-controlling interests of Yihua Mining	**167,220**	235,046
Other comprehensive expense attributable to the equity holders of the Company	**(60)**	(116)
Other comprehensive expense attributable to the non-controlling interests of Yihua Mining	**(57)**	(111)
Total comprehensive income attributable to the equity holders of the Company	**173,986**	244,524
Total comprehensive income attributable to the non-controlling interests of Yihua Mining	**167,163**	234,935

23(a) SUBSIDIARIES (CONTINUED)

(ii) Material non-controlling interests (continued)

Summarised statement of cash flows

	Shanghai Datun		China Coal Huajin		Mengda Mining		Yihua Mining	
	Year ended 31 December 2020	Year ended 31 December 2019	**Year ended 31 December 2020**	Year ended 31 December 2019	**Year ended 31 December 2020**	Year ended 31 December 2019	**Year ended 31 December 2020**	Year ended 31 December 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Net cash inflow from operating activities	**622,338**	2,011,653	**6,053,949**	6,308,174	**1,199,122**	1,908,751	**658,383**	1,242,388
Net cash outflow from investing activities	**(678,561)**	(1,084,850)	**(121,339)**	(509,566)	**(1,055,228)**	(897,595)	**(449,160)**	(834,639)
Net cash outflow from financing activities	**(71,170)**	(628,753)	**(1,907,015)**	(1,962,178)	**(85,807)**	(1,011,177)	**(209,207)**	(407,824)
Net cash (outflow) inflow	**(127,393)**	298,050	**4,025,595**	3,836,430	**58,087**	(21)	**16**	(75)

23(b) INTERESTS IN ASSOCIATES

	2020	2019
	RMB'000	*RMB'000*
Beginning of the year	**20,886,640**	16,860,313
Additions	**19,786**	692,847
Transfer	**–**	2,265,793
Disposal	**(1,205)**	(15,509)
Share of profits	**491,916**	1,656,967
Dividends	**(733,768)**	(586,687)
Others	**(9,786)**	12,916
End of the year	**20,653,583**	20,886,640

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 2020, which, in the opinion of the directors of the Company, is material to the Group. The country of establishment or registration is also its principal place of business.

23(b) INTERESTS IN ASSOCIATES (CONTINUED)

Details of material associate as at 31 December 2020 and 2019

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 (2019: 38.75)	Equity method of accounting

Summarised financial information for a material associate

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

Summarised statement of financial position

	Zhongtian Synergetic	
	As at 31 December 2020	As at 31 December 2019
	RMB’000	*RMB’000*
Current assets	**3,720,923**	4,218,573
Non-current assets	**53,124,173**	52,466,421
Current liabilities	**(8,315,428)**	(5,486,038)
Non-current liabilities	**(28,422,411)**	(30,783,899)
Net assets	**20,107,257**	20,415,057

23(b) INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information for a material associate (continued)

Summarised statement of profit or loss and other comprehensive income

	Zhongtian Synergetic	
	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	*RMB'000*
Revenue	**11,707,459**	15,988,546
Profit before income tax	**515,236**	2,332,647
Profit for the year	**428,853**	2,100,359
Other comprehensive income	**–**	–
Total comprehensive income for the year	**428,853**	2,100,359
Dividends declared from the associate during the year	**283,833**	218,707

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	
	2020	2019
	RMB'000	*RMB'000*
Opening net assets at 1 January	**20,415,057**	18,879,102
Profit for the year	**428,853**	2,100,359
Dividends	**(732,476)**	(564,404)
Others	**(4,177)**	–
Closing net assets at 31 December	**20,107,257**	20,415,057
The Group's shares of net assets	**7,791,563**	7,910,835
Carrying value of interest in associate	**7,791,753**	7,910,835

23(b) INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	Year ended/as at 31 December 2020 ***RMB'000***	Year ended/as at 31 December 2019 *RMB'000*
The Group's share of profit	**327,165**	843,078
The Group's share of other comprehensive income	**308**	12,915
The Group's share of total comprehensive income	**327,473**	855,993
Aggregate carrying amount of the Group's interests in these associates	**12,861,830**	12,975,805

23(c) INTERESTS IN JOINT VENTURES

	2020 ***RMB'000***	2019 *RMB'000*
Beginning of the year	**3,289,977**	2,966,392
Additions	**22,000**	15,000
Share of profit	**671,928**	940,391
Dividends	**(773,336)**	(631,806)
End of the year	**3,210,569**	3,289,977

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 2020 and 2019:

Name of entity	**Principal place of business/country of establishment**	**% of ownership interest**	**Measurement method**
Yan'an Hecaogou Coal Company Limited ("Hecaogou Coal")	Yan'an, the PRC	50.00 (2019: 50.00)	Equity method of accounting
Hebei CNC Risun Energy Limited ("Risun Energy")	Hebei, the PRC	45.00 (2019: 45.00)	Equity method of accounting

23(c) INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for material joint ventures

Set out below is the summarised financial information for joint ventures which are material to the Group using the equity method of accounting. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRS Standards.

Summarised statement of financial position

	Hecaogou Coal		**Risun Energy**	
	As at 31 December 2020	As at 31 December 2019	**As at 31 December 2020**	As at 31 December 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**85,967**	277,472	**752,487**	137,954
Other current assets	**91,153**	162,517	**1,692,322**	1,633,143
Total current assets	**177,120**	439,989	**2,444,809**	1,771,097
Financial liabilities (excluding trade payables)	**(137,500)**	(145,000)	**(70,000)**	(337,000)
Other current liabilities	**(631,047)**	(414,721)	**(1,876,309)**	(1,321,830)
Total current liabilities	**(768,547)**	(559,721)	**(1,946,309)**	(1,658,830)
Total non-current assets	**4,435,973**	4,462,502	**2,763,323**	2,709,811
Financial liabilities	**(192,500)**	(345,000)	**(487,280)**	(166,662)
Other liabilities	**(433,686)**	(431,030)	**(38,757)**	(59,275)
Total non-current liabilities	**(626,186)**	(776,030)	**(526,037)**	(225,937)
Net assets	**3,218,360**	3,566,740	**2,735,786**	2,596,141

23(c) INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for material joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income

	Hecaogou Coal		Risun Energy	
	Year ended 31 December 2020	Year ended 31 December 2019	**Year ended 31 December 2020**	Year ended 31 December 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**1,970,211**	2,351,587	**5,052,216**	6,961,143
Profit before income tax	**779,686**	1,207,326	**853,378**	1,136,498
Profit for the year	**651,620**	1,011,396	**768,364**	978,429
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**651,620**	1,011,396	**768,364**	978,429
Dividends declared from the joint venture during the year	**500,000**	500,000	**273,336**	131,805

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	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Opening net assets at 1 January	**3,566,740**	3,550,690	**2,596,141**	1,910,922
Profit for the year	**651,620**	1,011,396	**768,364**	978,429
Others	**–**	4,654	**(21,307)**	(311)
Dividends	**(1,000,000)**	(1,000,000)	**(607,412)**	(292,899)
Closing net assets at 31 December	**3,218,360**	3,566,740	**2,735,786**	2,596,141
The Group's share of net assets	**1,609,180**	1,783,370	**1,231,104**	1,168,263
Carrying value of interest in joint ventures	**1,606,722**	1,781,044	**1,274,059**	1,201,632

23(c) INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	Year ended/as at 31 December 2020 *RMB'000*	Year ended/as at 31 December 2019 *RMB'000*
The Group's share of profit (loss)	**354**	(5,600)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income (expense)	**354**	(5,600)
Aggregate carrying amount of the Group's interests in these joint ventures	**329,788**	307,301

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Listed securities:		
– equity securities listed in the PRC	**19,707**	24,730
Unlisted securities:		
– equity securities *(Note)*	**2,257,031**	2,304,025
Total	**2,276,738**	2,328,755

Note: The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC.

The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are not held for trading purpose.

25. LONG-TERM RECEIVABLES

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Finance lease receivables	**285,212**	241,190
Others	**11,787**	8,822
Total	**296,999**	250,012

The long-term receivables are neither past due nor impaired as at 31 December 2020 and 2019. The carrying amounts of long-term receivables approximate their fair values.

26. OTHER NON-CURRENT ASSETS

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Loans to the Parent Company and fellow subsidiaries *(Note (a))*	**4,322,673**	3,728,980
Prepayments for mining rights *(Note (b))*	**1,015,000**	1,015,000
Prepayments for long-term investments *(Note (c))*	**448,300**	3,537,496
Prepayments for land use rights *(Note (b))*	**415,067**	464,966
Deductible value added tax	**170,797**	396,289
Prepayments for construction in progress and equipment	**41,363**	18,135
Entrusted loans *(Note (d))*	**4,435**	1,275,000
Others	**402,021**	297,062
Total	**6,819,656**	10,732,928

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 4.04% to 5.93% (2019: ranging from 4.41% to 5.94%) per annum.

Included in the carrying amount of the loans to the Parent Company and fellow subsidiaries as at 31 December 2020 is accumulated credit losses of RMB75,198,000 (31 December 2019: RMB67,712,000). Details of impairment assessment are set out in Note 49.2.

(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) In line with the Group's strategy of expanding its coal resources, the Group has entered into a series of agreements for the acquisition and restructuring of several local coal mines. As the relevant legal procedures are still in process, such payments are recorded as other non-current assets.

The decrease in the current year is the result of acquisition of a subsidiary as detailed in Note 44.

(d) As at 31 December 2020, the entrusted loans are bank loans entrusted by the Company to Zhongtian Synergetic, which are repayable in full in 2025 bearing interest at 4.75% per annum.

As at 31 December 2019, the entrusted loans were bank loans entrusted by China Coal Pingshuo to a fellow subsidiary, which were repayable in 2025 bearing interest at rates ranging from 5.23% to 5.70% per annum. During the year of 2020, the loans were early repaid.

27. INVENTORIES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Coal	**598,743**	996,763
Machinery for sale	**3,046,362**	3,752,055
Coal-chemical products	**468,293**	626,330
Auxiliary materials, spare parts and tools	**2,936,846**	2,795,255
	7,050,244	8,170,403

The provisions for impairment of inventories of the Group amounted to RMB321,154,000 as at 31 December 2020 (31 December 2019: RMB306,495,000).

28. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Trade receivables *(Notes (a), (b) and (c))*	**7,241,095**	7,314,547
Debt instruments at FVTOCI *(Notes (d) and (e))*	**3,520,723**	6,897,430

Notes:

(a) Trade receivables are analysed as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Trade receivables		
– Associates	**436,132**	450,485
– Joint ventures	**3,932**	12,769
– Fellow subsidiaries	**594,095**	466,937
– Third parties	**6,206,936**	6,384,356
Trade receivables, net	**7,241,095**	7,314,547

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

Notes: (continued)

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

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

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
Within 6 months	**5,161,581**	5,167,134
7 months – 1 year	**941,791**	1,206,096
1 – 2 years	**781,602**	645,842
2 – 3 years	**285,702**	193,327
Over 3 years	**629,443**	623,302
Trade receivables, gross	**7,800,119**	7,835,701
Less: Allowance for credit losses	**(559,024)**	(521,154)
Trade receivables, net	**7,241,095**	7,314,547

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

The Group does not hold any collateral as security.

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

Details of impairment assessment of trade receivables are set out in Note 49.2.

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

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
RMB	**7,239,922**	7,310,151
US Dollar ("USD")	**1,173**	4,396
	7,241,095	7,314,547

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

(d) Debt instruments at FVTOCI are notes receivables which are considered to be held within a business model whose objective is achieved by both selling and collecting contractual cash flows. The notes receivables are principally bank accepted notes with maturity of less than one year (31 December 2019: less than one year).

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

Notes: (continued)

(e) As at 31 December 2020, notes receivables of RMB336,061,000 (2019: RMB447,055,000) are pledged to banks for issuing notes payables amounting to RMB325,358,000 (2019: RMB446,973,000).

As at 31 December 2020, debt instruments at FVTOCI of RMB nil (2019: RMB8,958,000) are pledged to banks for borrowings amounting to RMB nil (2019: RMB9,000,000).

(f) Transfers of financial assets

As at 31 December 2020, notes receivables of RMB674,658,000 (2019:RMB1,248,792,000) were endorsed to suppliers and RMB nil (2019: RMB8,958,000) were discounted to banks of the Group, but were not derecognised as the Group has not transferred the significant risks and rewards relating to these notes receivables.

As at 31 December 2020, the Group endorsed and discounted notes receivables of RMB3,362,382,000 (2019:RMB5,654,075,000) to suppliers and banks and such notes receivables were derecognised. In accordance with the relevant laws in the PRC, the holders of these notes receivables have a right of recourse against the Group if the issuing banks default payment. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership relating to these notes receivables, and accordingly derecognised the full carrying amounts of the notes receivables and associated accounts payables. The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted notes receivables equals to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's continuing involvement in the derecognised notes receivables are not significant.

29. CONTRACT ASSETS

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Coal mining machinery – current	**1,482,759**	953,581

The provision for impairment of contract assets of the Group amounted to RMB10,913,000 as at 31 December 2020 (2019: RMB3,713,000).

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

30. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Advances to suppliers *(Note (a))*	**1,713,546**	1,328,858
Other prepayments	**89,870**	29,749
Interest receivables	**371,809**	339,350
Dividend receivables	**1,073,090**	428,079
Loans to the Parent Company and fellow subsidiaries *(Note (b))*	**1,055,622**	555,175
Value added tax related to contract assets	**190,425**	135,116
Deductible value added tax and others	**920,956**	939,672
Other amounts due from related parties, gross *(Note (c))*	**767,969**	1,581,541
Other amounts due from third parties, gross *(Note (d))*	**1,320,296**	1,403,162
	7,503,583	6,740,702
Less: Allowance for credit losses *(Note (e))*	**(522,536)**	(573,594)
Prepayments and other receivables, net	**6,981,047**	6,167,108

Notes:

(a) Advances to suppliers are analysed as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Advances to suppliers		
– Associates	**77,288**	25,923
– Fellow subsidiaries	**28,032**	7,827
– Third parties	**1,608,226**	1,295,108
	1,713,546	1,328,858

Included in the carrying amount of advances to suppliers as at 31 December 2020 is accumulated impairment losses of RMB51,630,000 (31 December 2019: RMB51,590,000).

(b) Loans to the Parent Company and fellow subsidiaries are unsecured and repayable within 12 months from the end of reporting period bearing interest at rates ranging from 3.30% to 5.94 % (2019: ranging from 4.57% to 5.66%) per annum.

30. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	As at 31 December 2020 ***RMB'000***	As at 31 December 2019 *RMB'000* (Restated)
Amounts due from related parties, gross		
– Associates	**645,630**	798,172
– Joint ventures	**30**	–
– Fellow subsidiaries	**122,309**	119,438
– The Parent Company	**–**	663,931
	767,969	1,581,541
Less: Allowance for credit losses	**(11,009)**	(16,323)
Amounts due from related parties, net	**756,960**	1,565,218

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 2020 is accumulated credit losses of RMB11,009,000 (31 December 2019: RMB16,323,000). Details of impairment assessment are set out in Note 49.2.

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

	As at 31 December 2020 ***RMB'000***	As at 31 December 2019 *RMB'000* (Restated)
Within 1 year	**680,265**	713,338
1 – 2 years	**176,093**	129,475
2 – 3 years	**9,664**	28,084
Over 3 years	**454,274**	532,265
Other amounts due from third parties, gross	**1,320,296**	1,403,162
Less: Allowance for credit losses	**(453,063)**	(499,432)
Other amounts due from third parties, net	**867,233**	903,730

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

Details of impairment assessment of other receivables are set out in Note 49.2.

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

(g) There are no collaterals for other receivables.

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

	As at 31 December 2020 ***RMB'000***	As at 31 December 2019 *RMB'000* (Restated)
RMB	**3,056,435**	3,224,216
Others	**5,823**	5,912
	3,062,258	3,230,128

31. CASH AND BANK DEPOSITS

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Restricted bank deposits *(Note (a))*	**4,551,140**	3,376,327
Term deposits with initial terms of over three months	**16,356,551**	10,090,101
Cash and cash equivalents		
– Cash on hand	**242**	458
– Deposits with banks and other financial institutions	**15,040,953**	12,137,197
	35,948,886	25,604,083

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, etc. As at 31 December 2020, included in the restricted bank deposits, mandatory reserve deposits amounting to RMB2,070,695,000 (31 December 2019: RMB1,620,331,000) was set aside in the People's Bank of China.

(b) As at 31 December 2020, the interest rates on deposits ranged from 0.30% to 3.30% (2019: 0.30% to 3.40%) per annum.

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

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
RMB	**35,726,316**	25,243,558
USD	**211,976**	350,621
Others	**10,594**	9,904
	35,948,886	25,604,083

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

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

32. TRADE AND NOTES PAYABLES

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
		(Restated)
Trade payables *(Note (a))*	**20,620,266**	18,727,585
Notes payables	**4,522,036**	4,542,854
	25,142,302	23,270,439

Notes:

(a) Trade payables are analysed as follows:

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
		(Restated)
Trade payables		
– Fellow subsidiaries	**3,309,928**	2,155,635
– A joint venture	**–**	30,000
– Associates	**239,786**	182,416
– Third parties	**17,070,552**	16,359,534
	20,620,266	18,727,585

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 2020	As at 31 December 2019
	RMB'000	*RMB'000*
		(Restated)
Less than 1 year	**16,704,426**	15,513,380
1 – 2 years	**1,971,010**	967,445
2 – 3 years	**554,814**	542,438
Over 3 years	**1,390,016**	1,704,322
	20,620,266	18,727,585

32. TRADE AND NOTES PAYABLES (CONTINUED)

Notes: (continued)

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

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
RMB	**25,142,251**	23,268,451
USD	**51**	1,988
	25,142,302	23,270,439

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

(d) As at 31 December 2020, notes receivables with amount of RMB336,061,000 (2019: RMB447,055,000) are pledged to banks for issuing notes payables amounting to RMB325,358,000 (2019: RMB446,973,000) (Note 28(e)).

33. CONTRACT LIABILITIES

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Coal	**2,782,200**	1,577,481
Coal-chemical products	**364,354**	324,922
Mining machinery	**404,113**	632,445
Other	**55,108**	53,917
	3,605,775	2,588,765

33. 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 2020				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,575,427	324,922	624,226	2,524,575
For the year ended 31 December 2019				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,098,829	496,000	729,641	2,324,470

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

The closing balance as at 31 December 2020 is expected to be settled in the following years:

	31 December 2020
	RMB'000
2021	**3,596,152**
2022	**1,080**
On or after 2023	**8,543**
	3,605,775

For the coal and coal-chemical products, the Group received certain amount in advance before delivery of goods which is accounted for as contract liabilities. When the control of coal and coal-chemical products transfers, as detailed in Note 8, the previously recognised contract liabilities are recognised as revenue.

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

34. ACCRUALS, ADVANCES AND OTHER PAYABLES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Payables for acquisition of subsidiaries *(Note (a))*	**743,397**	454,918
Payable for compensation for local mining companies	**45,038**	214,500
Dividends payable	**820,758**	380,781
Payables for site restoration	**140,514**	186,777
Mineral and water resource compensation payable	**100,679**	85,611
Salaries and staff welfare payable	**1,729,311**	1,908,371
Interest payable	**827,805**	965,528
Commission payable	**41,533**	49,133
Payables for mining rights	**501,664**	460,019
Payables for the mining rights transfer *(Note 41)*	**145,956**	854,459
Payable for mine capacity replacement quota	**149,000**	528,250
Advance from a non-controlling interest of a subsidiary	**85,307**	260,344
Contractors' deposits	**233,895**	164,015
Deposits from the Parent Company and fellow subsidiaries *(Note (b))*	**7,852,633**	8,814,837
Other amounts due to related parties *(Note (c))*	**182,056**	356,931
Other amounts due to third parties	**1,667,763**	1,836,176
Other tax payable	**1,327,287**	1,247,503
	16,639,596	18,768,153

Notes:

(a) As at 31 December 2020, an amount of RMB315,261,000 (including current portion of long-term payables amounting to RMB286,216,000) was arising from payables for acquisition of a subsidiary as detailed in Note 44.

(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% (2019: 0.35% to 2.25%) per annum.

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

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
Amounts due to related parties, gross		
– The Parent Company	**68,369**	248,553
– Fellow subsidiaries	**113,687**	108,302
– Associates	**–**	57
– Joint ventures	**–**	19
	182,056	356,931

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

34. ACCRUALS, ADVANCES AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

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

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

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000 (Restated)
– RMB	**13,119,808**	15,524,226
– Other currencies	**2,250**	2,442
	13,122,058	15,526,668

35. LEASE LIABILITIES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Lease liabilities payable:		
Within one year	**37,207**	67,329
Within a period of more than one year but not exceeding two years	**72,755**	49,670
Within a period of more than two years but not exceeding five years	**119,574**	127,786
Within a period of more than five years	**216,745**	258,738
	446,281	503,523
Less: amount due for settlement with 12 months shown under current liabilities	**(37,207)**	(67,329)
Amount due for settlement after 12 months shown under non-current liabilities	**409,074**	436,194

36. BORROWINGS

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (e))*	**20,000**	44,000
– Guaranteed *(Note (d))*	**140,000**	120,000
– Unsecured	**1,248,547**	4,102,347
	1,408,547	4,266,347
Loans from non-controlling interests		
– Unsecured	**260,000**	–
	1,668,547	4,266,347
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(Note (e))*	**1,058,426**	808,888
– Guaranteed *(Note (d))*	**393,650**	903,650
– Unsecured	**64,940,030**	55,220,240
	66,392,106	56,932,778
Loans from non-controlling interests		
– Unsecured	**176,858**	115,066
Loans from the Parent Company		
– Unsecured	**419,985**	–
	66,988,949	57,047,844
Less: amount due within one year shown under current liabilities	**(15,472,354)**	(22,673,139)
Non-current portion	**51,516,595**	34,374,705
Total short-term and long-term borrowings	**68,657,496**	61,314,191

36. BORROWINGS (CONTINUED)

Notes:

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

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Bank loans and loans from other financial institutions		
– Within one year	**15,397,496**	22,558,073
– Between one and two years	**13,581,757**	15,200,945
– Between two and five years	**31,778,803**	14,782,725
– Over five years	**5,634,050**	4,391,035
	66,392,106	56,932,778
Loans from non-controlling interests and Parent Company		
– Within one year	**74,858**	115,066
– Between one and two years	**20,000**	–
– Between two and five years	**479,985**	–
– Over five years	**22,000**	–
	596,843	115,066

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

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Fixed-rate borrowings	**4,354,247**	3,238,718
Variable-rate borrowings	**64,303,249**	58,075,473
	68,657,496	61,314,191

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 2020	As at 31 December 2019
Fixed-rate borrowings	**2.86% to 6.09 %**	4.13% to 10.39%
Variable-rate borrowings	**3.10% to 5.05%**	4.13% to 6.43%

36. BORROWINGS (CONTINUED)

Notes: (continued)

(c) As at 31 December 2020 and 2019, all borrowings were denominated in RMB.

(d) The guaranteed borrowings are as follows:

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Guaranteed by non-controlling shareholders of subsidiaries:		
– Guizhou Panjiang Investment Holdings Group Co., Ltd.	**87,000**	78,000
– Shanxi Coking Coal	**393,650**	903,650
– Liaoning Electric Group Co., Ltd.	**53,000**	42,000
	533,650	1,023,650

(e) The secured borrowings are as follows:

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Secured by:		
– Property, plant and equipment	**1,058,426**	808,888
– Land use rights	**20,000**	35,000
– Trade receivables/debt instruments at FVTOCI	**–**	9,000
Total	**1,078,426**	852,888

37. LONG-TERM BONDS

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Bonds payable:		
– medium-term notes	**16,920,164**	24,888,343
– corporate bonds	**10,067,492**	7,988,694
Commission payable	**58,000**	98,133
	27,045,656	32,975,170
Less: current portion of bonds payable	**(5,797,259)**	(10,991,992)
current portion of commission payable	**(34,333)**	(49,133)
Non-current portion	**21,214,064**	21,934,045

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

37. LONG-TERM BONDS (CONTINUED)

Notes:

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

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

(b) On 20 July 2017, the Company issued 10,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB997,000,000 after deducting the underwriting commission of RMB3,000,000. These bonds carry a coupon rate of 4.61% per annum with terms of 5 years, the interest charge will be paid on 20 July annually. The Company is entitled to adjust the coupon rate at the end of the third year with the rights of redemption exercisable by the bond holders. The entire balance was classified as current liabilities as at 31 December 2019 as the Company does not have an unconditional right to defer settlement in the coming year. As at 31 December 2020, the remaining balance from the unexercised rights of redemption amounting to RMB74,394,000 was reclassified to long-term bonds.

(c) On 9 May 2018, the Company issued 11,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB1,096,700,000 after deducting the underwriting commission of RMB3,300,000. These bonds carry a coupon rate of 4.85% per annum with terms of 5 years, the interest charge will be paid on 9 May annually. The Company is entitled to adjust the coupon rate at the end of the third year with the rights of redemption exercisable by the bond holders. The entire balance was classified as current liabilities as at 31 December 2020 as the Company does not have an unconditional right to defer settlement in the coming year.

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

(d) On 5 June 2018, the Company issued 17,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB1,694,900,000 after deducting the underwriting commission of RMB5,100,000. These bonds carry a coupon rate of 4.90% per annum with terms of 5 years, the interest charge will be paid on 5 June annually. The Company is entitled to adjust the coupon rate at the end of the third year with the rights of redemption exercisable by the bond holders. The entire balance was classified as current liabilities as at 31 December 2020 as the Company does not have an unconditional right to defer settlement in the coming year.

(e) On 6 July 2018, the Company issued 22,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB2,193,400,000 after deducting the underwriting commission of RMB6,600,000. These bonds carry a coupon rate of 4.69% per annum with terms of 5 years, the interest charge will be paid on 6 July annually. The Company is entitled to adjust the coupon rate at the end of the third year with the rights of redemption exercisable by the bond holders. The entire balance was classified as current liabilities as at 31 December 2020 as the Company does not have an unconditional right to defer settlement in the coming year.

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

(f) On 26 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 4.40% per annum with terms of 5 years, the interest charge will be paid on 26 July annually. The Company is entitled to adjust the coupon rate at the end of the third year with the rights of redemption exercisable by the bond holders. The entire balance was classified as current liabilities as at 31 December 2020 as the Company does not have an unconditional right to defer settlement in the coming year.

(g) 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.

37. LONG-TERM BONDS (CONTINUED)

Notes: (continued)

(h) On 18 March 2020, the Company issued 30,000,000 corporate bonds with a par value of RMB100 each and received a net proceeds of RMB2,997,170,000 after deducting the underwriting commission of RMB2,830,000. These bonds carry a coupon rate of 3.60% per annum with terms of 5 years, the interest charge will be paid on 18 March annually. The effective interest rate is 3.62% per annum.

(i) On 9 April 2020, the Company issued 15,000,000 medium-term notes with a par value of RMB100 each and received a total proceeds of RMB1,500,000,000. The notes are fully repayable on 13 April 2025 when they become due. These notes carry a coupon rate of 3.28% per annum and the interest charge will be paid on 13 April annually in each of the following five years. The effective interest rate is 3.38% per annum.

In addition, the Company is obliged to pay RMB7,500,000 to the underwriter as the underwriting commission, which is payable in five instalments of RMB1,500,000 annually. As agreed with the underwriter, first instalment of RMB1,500,000 was paid on 13 April 2020 when the transaction was completed and the same amount is payable on 13 April in each of the following four years.

(j) On 9 April 2020, the Company issued 5,000,000 medium-term notes with a par value of RMB100 each and received a total proceeds of RMB500,000,000. The notes are fully repayable on 9 April 2027 when they become due. These notes carry a coupon rate of 3.60% per annum and the interest charge will be paid on 13 April annually in each of the following five years. The effective interest rate is 3.70% per annum.

In addition, the Company is obliged to pay RMB3,500,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB500,000 annually. As agreed with the underwriter, first instalment of RMB500,000 was paid on 13 April 2020 when the transaction was completed and the same amount is payable on 13 April in each of the following six years.

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

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Interest payable for long-term bonds	**686,023**	764,114

38. DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000* (Restated)
Deferred tax assets	**2,279,022**	2,775,470
Deferred tax liabilities	**(5,784,058)**	(5,866,547)
	(3,505,036)	(3,091,077)

38. DEFERRED INCOME TAX (CONTINUED)

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Beginning of the year (Restated)	**(3,091,077)**	(3,074,443)
Charged to profit or loss *(Note 15)*	**(406,636)**	(9,880)
Charged to other comprehensive income *(Note 15)*	**(7,323)**	(6,754)
End of the year	**(3,505,036)**	(3,091,077)

Deferred income tax assets are recognised for tax losses carried-forward and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred income tax assets in respect of certain subsidiaries' accumulated tax losses of RMB8,253,383,000 (2019: RMB7,050,956,000) and deductible temporary differences of RMB2,692,194,000 (2019: RMB2,703,245,000 (restated)) as at 31 December 2020. The accumulated tax losses will expire between 2021 and 2025 (2019: between 2020 and 2024). 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 2020	31 December 2019
	RMB'000	*RMB'000*
2020	**–**	218,015
2021	**481,803**	503,535
2022	**836,392**	864,818
2023	**2,714,518**	2,784,734
2024	**2,664,716**	2,679,854
2025	**1,555,954**	–
	8,253,383	7,050,956

38. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Trial production *RMB'000*	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 2019 (Restated)	86,827	448,011	1,659,185	117,340	394,635	204,647	299,953	23,102	317,299	3,550,999
(Charged) credited to profit or loss (Restated)	(1,387)	300,063	(317,184)	(3,253)	(49,108)	(52,261)	13,102	–	(17,569)	(127,597)
Charged to other comprehensive income	–	–	–	–	–	–	–	(6,883)	–	(6,883)
At 31 December 2019 (Restated)	85,440	748,074	1,342,001	114,087	345,527	152,386	313,055	16,219	299,730	3,416,519
(Charged) credited to profit or loss	**(7,114)**	**(4,597)**	**(370,974)**	**5,516**	**13,014**	**4,434**	**(21,136)**	**–**	**(8,322)**	**(389,179)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,251)**	**–**	**(8,251)**
At 31 December 2020	**78,326**	**743,477**	**971,027**	**119,603**	**358,541**	**156,820**	**291,919**	**7,968**	**291,408**	**3,019,089**

38. DEFERRED INCOME TAX (CONTINUED)

Deferred tax liabilities:

	Depreciation	Mining funds (Note)	Fair value adjustments not deductible for tax purpose	Fair value adjustments for equity instruments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	(86,957)	(670,592)	(5,810,718)	(56,240)	(935)	(6,625,442)
(Charged) credited to profit or loss	(64,629)	134,351	47,353	–	642	117,717
Credited to other comprehensive income	–	–	–	129	–	129
At 31 December 2019	(151,586)	(536,241)	(5,763,365)	(56,111)	(293)	(6,507,596)
(Charged)credited to profit or loss	**(91,981)**	**16,690**	**57,541**	**–**	**293**	**(17,457)**
Credited to other comprehensive income	**–**	**–**	**–**	**928**	**–**	**928**
At 31 December 2020	**(243,567)**	**(519,551)**	**(5,705,824)**	**(55,183)**	**–**	**(6,524,125)**

Note:

Pursuant to certain regulations of the PRC government, the Group is required to set aside amounts for the future development fund (Note 43 (b)), safety fund (Note 43 (c)), transformation and environmental restoration fund (Note 43 (d)(i)) and sustainable development fund (Note 43 (d)(ii)), collectively the "mining funds". Up to 30 April 2011, for those amounts that are deductible for tax purposes when they are set aside but are expensed when they are utilised for accounting purpose, a deferred tax liability is recorded for the temporary differences in respect of excess amount of funds deducted for tax purposes.

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

39. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	2020	2019
	RMB'000	*RMB'000*
Beginning of the year	**3,316,790**	1,463,575
Interest charge on unwinding of discounts	**93,110**	84,929
Provision *(note)*	**8,830**	1,785,655
Payments	**(149,785)**	(17,369)
End of the year	**3,268,945**	3,316,790
Less: current portion	**(71,607)**	(69,762)
Non-current portion	**3,197,338**	3,247,028

Note:

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

40. DEFERRED REVENUE

Deferred revenue mainly consists of the government grants, which are recognised in profit or loss according to the depreciable periods of the related assets and the periods in which the related costs incurred, which the grants are intended to compensate. Government grants of RMB9,652,000 (2019: RMB46,034,000) have been received in the current year.

41. OTHER LONG-TERM LIABILITIES

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Payables for mining rights *(Note (a))*	**1,949,625**	2,085,213
Payables for the mining rights transfer *(Note (b))*	**2,109,737**	2,658,977
Payables for the acquisition of subsidiaries *(Note (c))*	**1,431,398**	–
Others	**56,495**	309,555
	5,547,255	5,053,745
Less: current portion of payables for mining rights	**(94,001)**	(186,801)
current portion of payables for the mining rights transfer *(Note 34)*	**(145,956)**	(854,459)
current portion of payables for the acquisition of subsidiaries	**(286,216)**	–
current portion of loans from non-controlling interests	**–**	(10,564)
	5,021,082	4,001,921

41. OTHER LONG-TERM LIABILITIES (CONTINUED)

Notes:

(a) The payables for mining rights are mainly the unpaid balances of the consideration for purchasing mining rights. According to relevant purchase agreements, considerations are paid by instalment. The current portion of the payables is included in accruals, advances and other payables (Note 34).

(b) According to the laws and regulations and documents of the Notice of the Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights (Cai Zong [2017] No. 35) and the Notice of the Ministry of Finance and the Ministry of Land and Resources of Inner Mongolia Autonomous Region on Issuing the Administrative Implementation Measures on the Collection of Income from Transfer of Mining Rights of Inner Mongolia Autonomous Region (Nei Cai Fei Shui Gui [2017] No. 24), a subsidiary of the Group entered into the mining rights transfer contract with the Ministry of Land and Resources of Inner Mongolia Autonomous Region. The total amount of the mining rights transfer contract is RMB4,272,294,000, which shall be paid annually within the effective period of mining rights and RMB117,856,000 that will be paid within one year is included in other payables (Note 34).

According to the laws and regulations and documents of the Notice of the Ministry of Finance and the Ministry of Land and Resources on Issuing the Interim Measures for the Administration of the Collection of Income from the Transfer of Mining Rights (Cai Zong [2017] No. 35) and the Notice of the general office of the Party committee of the Autonomous Region and the general office of the people's Government of the autonomous region on Issuing the Implementation Plan for the Pilot Work of the Reform of the Transfer System of Mining Right of the Autonomous Region (Xin Dang Ting Zi [2018] No. 57), a subsidiary of the Group entered into the mining rights transfer contract with the Natural Resources Department of Xinjiang Uygur Autonomous Region in 2020. The total amount of the mining rights transfer contract is RMB538,706,000, which shall be paid annually within the effective period of mining rights and RMB28,100,000 that will be paid within one year is included in other payables (Note 34).

(c) Payable for the acquisition of subsidiaries was arising from the acquisition of a subsidiary as detailed in Note 44.

42. SHARE CAPITAL

	Number of shares *(thousands)*	**Share capital** *RMB'000*
At 1 January 2019, 31 December 2019 and 2020:		
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 2020 and 2019.

Notes:

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

(b) As at 31 December 2020 and 2019, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H shares of the Company, representing around 1.00% of the Company's total share capital.

43. RESERVES AND RETAINED EARNINGS

	Capital reserve 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 1 January 2019 as previously reported	31,654,119	4,219,863	286,224	1,787,912	1,706,255	94,143	(70,793)	6,626,989	32,357,258	78,661,970
Acquisition of a subsidiary under common control in 2020 *(Note 3.2)*	25,500	–	–	–	–	–	–	–	1,199	26,699
At 1 January 2019 (Restated)	31,679,619	4,219,863	286,224	1,787,912	1,706,255	94,143	(70,793)	6,626,989	32,358,457	78,688,669
Profit for the year (Restated) *(Note 3.2)*	–	–	–	–	–	–	–	–	6,199,338	6,199,338
Other comprehensive income (expense), net of tax	–	–	–	–	–	–	6,182	(42,510)	–	(36,328)
Transfer	–	–	–	–	–	–	–	(157,395)	157,395	–
Appropriations	–	312,661	115,019	109,500	355,129	(18,842)	–	–	(873,476)	(9)
Share of other change of reserves of associates and joint ventures	–	–	–	–	–	–	–	122,586	(122,586)	–
Acquisition of a subsidiary under common control in 2019 *(Note 3.1)*	(24,318)	–	–	–	–	–	–	–	–	(24,318)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	(3,877)	(3,877)
Dividends	–	–	–	–	–	–	–	–	(1,034,176)	(1,034,176)
At 31 December 2019 (Restated)	**31,655,301**	**4,532,524**	**401,243**	**1,897,412**	**2,061,384**	**75,301**	**(64,611)**	**6,549,670**	**36,681,075**	**83,789,299**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,350,726**	**5,350,726**
Other comprehensive income (expense), net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**8,665**	**(38,030)**	**-**	**(29,365)**
Appropriations	**-**	**314,433**	**69,521**	**(230,023)**	**(133,352)**	**(1,610)**	**-**	**-**	**(18,969)**	**-**
Share of other change of reserves of associates and joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(144,394)**	**144,394**	**-**
Acquisition of a subsidiary under common control in 2020 *(Note 3.2)*	**(25,500)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,576)**	**(30,076)**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,683,850)**	**(1,683,850)**
Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,675)**	**14,759**	**4,084**
At 31 December 2020	**31,629,801**	**4,846,957**	**470,764**	**1,667,389**	**1,928,032**	**73,691**	**(55,946)**	**6,356,571**	**40,483,559**	**87,400,818**

43. RESERVES AND RETAINED EARNINGS (CONTINUED)

Notes:

(a) Statutory reserve funds

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

(b) Future development fund

Pursuant to the relevant PRC regulations, the Group is required to set aside an amount to a future development fund at RMB6 to RMB8 (2019: RMB6 to RMB8) per ton of raw coal mined. The fund can be used for future development of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditures, an equivalent amount should be transferred from future development fund to retained earnings.

(c) Safety fund

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

(d) Other funds relevant to coal mining

(i) Transformation and environmental restoration fund

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

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

(ii) Sustainable development fund

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

44. ACQUISITION OF A SUBSIDIARY

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

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Current assets	
Cash and cash equivalents	**8,208**
Prepayments and other receivables	**80**
Non-current assets	
Property, plant and equipment	**1,799,833**
Mining rights	**3,187,045**
Land use rights	**10,915**
Current liabilities	
Accruals, advances and other payables	**(2,123,172)**
Net assets acquired	**2,882,909**
Total consideration *(Note)*	**2,882,909**

Note: As at 31 December 2020, RMB1,422,466,000 of the consideration was paid including cash and delivery of agreed quantity of coal, the remaining consideration has been included in accruals, advances and other payables (Note 34) and other long-term liabilities (Note 41), which is presented as payables for acquisition of a subsidiary.

	RMB'000
Net cash inflow arising on acquisition:	
Consideration paid in cash	**–**
Add: Bank balances and cash acquired	**8,208**
	8,208

45. DISPOSAL OF A SUBSIDIARY

On and before the time of disposal, the Group held 51% equity interest in China Coal Pingshuo The First Coal-Gangue-Fired Power Co., Ltd. ("First Coal-Gangue-Fired Power"), which was a subsidiary of the Group.

On 20 August 2019, the Group injected its entire equity interest in First Coal-Gangue-Fired Power to Sujin Energy Holdings Co., Ltd. ("Sujin Energy") as capital contribution to obtain the 15% equity interest in Sujin Energy and Sujin Energy became an associate of the Group as the Group has significant influence over Sujin Energy by virtue of the contractual right to appoint 2 out of the 11 directors to the board of directors of Sujin Energy. The transaction has been deemed as disposal of a subsidiary.

Consideration received:	**20 August 2019**
	RMB'000
Investment in Sujin Energy	663,047
Total consideration received	663,047
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment *(Note 18)*	5,275,568
Other non-current assets	300,602
Prepayments and other receivables	27,297
Cash and cash equivalents	136,644
Trade payables	(1,381,121)
Accruals and other payables	(916,559)
Long-term borrowings	(1,154,300)
Amount due to the Group	(1,275,000)
Net assets disposed of	1,013,131
Gain on disposal of a subsidiary:	
Total consideration received	663,047
Net assets disposed of	(1,013,131)
Non-controlling interests	350,227
	143
Net cash outflow arising on disposal:	
Cash consideration	–
Less: Cash and cash equivalents disposed of	(136,644)
	(136,644)

46. CASH GENERATED

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**11,683,300**	13,024,481
Adjustments for:		
Depreciation charge	**9,201,385**	8,956,391
Amortisation charge	**825,857**	725,874
Provision for impairment of property, plant and equipment	**15,601**	592,415
Provision for impairment of prepayments	**40**	16,545
Provision for impairment of other non-current assets	**–**	62,400
Provision for impairment of inventories	**27,208**	7,593
Provision for impairment of mining rights	**7,000**	9,224
Impairment loss, net of reversal		
– Receivables	**(9,714)**	(57,750)
– Loans to the Parent Company and fellow subsidiaries	**16,043**	27,647
– Contract assets	**6,335**	607
– Debt instruments at FVTOCI	**(9,568)**	11,472
– Other	**56**	(46)
Net losses on disposals of property, plant and equipment, land use rights and intangible assets	**21,230**	13,517
Share of profits of associates and joint ventures	**(1,163,844)**	(2,597,358)
Net foreign exchange losses	**10,391**	10,588
Gain on disposal of subsidiaries and investments in associates	**(1,110)**	(7,583)
Interest income on term deposits with initial terms of over three months and loans to joint ventures and associates	**(59,037)**	(73,376)
Interest expense	**4,639,167**	4,885,558
Dividend income	**(2,617)**	(968)
Provision for close down, restoration, and environmental costs	**–**	9,159
Operating cash flows before movement in working capital	**25,207,723**	25,616,390
Changes in working capital:		
Inventories	**1,002,460**	136,810
Trade receivables and debt instruments at FVTOCI	**2,417,869**	(2,207,352)
Contract assets	**(536,378)**	60,681
Prepayments and other receivables	**(542,053)**	131,396
Restricted bank deposits	**(1,174,813)**	(24,395)
Trade and notes payables	**(125,834)**	1,816,905
Contract liabilities	**1,017,010**	109,862
Accruals, advances and other payables	**(1,390,594)**	4,700
Cash generated from operations	**25,875,390**	25,664,997

46. CASH GENERATED (CONTINUED)

46.2 Reconciliation of liabilities arising from financing activities

The table below details major changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Bonds	Other payables	Other long-term liabilities	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 36)	*(Note 37)*	*(Note a)*	*(Note b)*	*(Note 35)*	
At 1 January 2019 (restated)	63,470,134	33,891,146	1,386,270	56,280	538,688	99,342,518
Proceeds from bonds and borrowings	20,459,511	4,983,333	–	–	–	25,442,844
Repayment of bonds and borrowings	(21,575,224)	(6,000,000)	–	–	–	(27,575,224)
Dividend and interest paid	–	–	(7,233,473)	–	–	(7,233,473)
Disposal of a subsidiary *(Note 45)*	(1,154,300)	–	–	–	–	(1,154,300)
Bonds commission fee paid	–	–	(111,347)	–	–	(111,347)
Finance costs	–	89,036	5,041,188	–	26,912	5,157,136
Dividend declared	–	–	2,373,016	–	–	2,373,016
Repayment of borrowings by bank acceptance notes	(996)	–	–	–	–	(996)
Repayments of leases liabilities	–	–	–	–	(90,130)	(90,130)
Addition of lease liabilities	–	–	–	–	28,053	28,053
Transfer	115,066	(37,478)	37,478	(56,280)	–	58,786
Dividend paid by bank acceptance notes	–	–	(97,690)	–	–	(97,690)
At 31 December 2019 (restated)	61,314,191	32,926,037	1,395,442	–	503,523	96,139,193
Proceeds from bonds and borrowings	**36,478,940**	**4,995,170**	**–**	**–**	**–**	**41,474,110**
Repayment of bonds and borrowings	**(29,135,635)**	**(10,917,595)**	**–**	**–**	**–**	**(40,053,230)**
Dividend and interest paid	**–**	**–**	**(7,160,515)**	**–**	**–**	**(7,160,515)**
Bonds commission fee paid	**–**	**–**	**(41,933)**	**–**	**–**	**(41,933)**
Finance costs	**–**	**42,044**	**4,824,820**	**–**	**24,839**	**4,891,703**
Dividend declared	**–**	**–**	**2,613,049**	**–**	**–**	**2,613,049**
Repayments of leases liabilities	**–**	**–**	**–**	**–**	**(99,221)**	**(99,221)**
Addition of lease liabilities	**–**	**–**	**–**	**–**	**17,140**	**17,140**
Transfer	**–**	**(34,333)**	**34,333**	**–**	**–**	**–**
Others	**–**	**–**	**24,900**	**–**	**–**	**24,900**
At 31 December 2020	**68,657,496**	**27,011,323**	**1,690,096**	**–**	**446,281**	**97,805,196**

46. CASH GENERATED (CONTINUED)

Notes:

(a) Amount mainly represented dividends payable, interest payable and current portion of bonds commission fee payable.

(b) Amount represented the other long-term loan due to a third party included in other long-term liabilities.

(c) Major non-cash transactions

The major non-cash transactions for the years ended 31 December 2020 and 2019 include:

The Group endorsed bank acceptance notes amounting to RMB615,475,000 (2019: RMB2,382,386,000) to settle the payables for purchase of property, plant and equipment during the year.

During the current year, the Group completed the acquisition of the 100% equity interest in Panjiayao. The consideration comprised delivery of agreed quantity of coal over agreed time span. Details are set out in Note 44.

During the prior year, the Group injected its entire equity interest in First Coal-Gangue-Fired Power to Sujin Energy as capital contribution to obtain the 15% equity interest in Sujin Energy as detailed in Note 45.

47. CONTINGENT LIABILITIES

The Group is a defendant in a number of lawsuits including those related to mining rights, which are arising in the ordinary course of business. While the outcome of such lawsuits cannot be determined at present, the management believes that any resulting liabilities will not have a material adverse effect on the Group's financial position as at 31 December 2020 or operating results for the year ended 31 December 2020.

48. FINANCIAL GUARANTEE CONTRACTS

The Group has guaranteed the bank loans of a number of related parties and third parties 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 2020 Face value** ***RMB'000***	As at 31 December 2019 Face value *RMB'000*
Bank loans of:			
– Related parties *(Note 52)*	2035	**10,769,519**	12,823,594
– Third parties	2045	**316,000**	284,000
Total		**11,085,519**	13,107,594

In addition to the above disclosed, outstanding financial guarantee provided by the Group in respect of unutilised bank facilities of Zhongtian Synergetic, an associate of the Group, and Hecaogou Coal, a joint venture of the Group, amounted to approximately RMB8,600 million and RMB710 million respectively, as at 31 December 2020 (31 December 2019: RMB6,910 million and RMB655 million respectively).

49. FINANCIAL RISK MANAGEMENT

49.1 Categories of financial instruments

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
Finance Assets		
Equity instruments at FVTOCI	**2,276,738**	2,328,755
Debt instruments at FVTOCI	**3,520,723**	6,897,430
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments	**10,303,353**	10,544,675
– Long-term receivables	**11,787**	8,822
– Loans to the Parent Company and fellow subsidiaries	**5,378,295**	4,284,155
– Restricted bank deposits and term deposits over three months	**20,907,691**	13,466,428
– Cash and cash equivalents	**15,041,195**	12,137,655
– Entrusted loans	**4,435**	1,275,000
Total	**57,444,217**	50,942,920
Finance Liabilities		
Financial liabilities at amortised cost		
– Borrowings	**68,657,496**	61,314,191
– Bonds	**27,011,323**	32,926,037
– Trade and other payables	**38,264,360**	38,797,107
– Other long-term liabilities	**3,845,156**	3,837,089
Total	**137,778,335**	136,874,424

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies

Financial risk factors

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

(a) Market risk

(i) Foreign currency risk

The Group's operations (such as export sales, imports of machinery and equipment, foreign currency deposits (Note 31 (c)), trade receivables (Note 28 (b)) and trade and notes payables (Note 32 (b)) expose it to currency risk arising from various currency exposures primarily with respect to the USD.

The Group currently has not used any derivative instruments to hedge exchange rate of USD. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises. If USD had appreciated/depreciated by 10% against RMB, the Group's post-tax profit for 2020 would have increased/decreased by RMB15,650,000 (2019: RMB26,017,000), 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 (2019: 50 basis points) higher/lower with all other variables held constant, post-tax profit for 2020 would have been lower/higher by RMB219,385,000 (2019: RMB200,561,000) after consideration of capitalisation of interest expenses.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Other price risk

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

(b) Credit risk and impairment assessment

As at 31 December 2020, 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 48. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

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

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

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

Debt instruments at FVTOCI

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

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

Bank balances, bank deposits and term deposits

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

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

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

As at 31 December 2020:

	12m ECL *RMB'000*	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
Financial assets				
Debt instruments at FVTOCI	**3,520,723**	**–**	**–**	**3,520,723**
Financial assets at amortised cost				**–**
– Trade receivables *(Note ii)*	**N/A**	**7,366,826**	**433,293**	**7,800,119**
– Other receivables	**3,097,268**	**28,376**	**407,520**	**3,533,164**
– Long-term receivables	**11,787**	**–**	**–**	**11,787**
– Loans to the Parent Company and fellow subsidiaries	**5,466,871**	**–**	**–**	**5,466,871**
– Restricted bank deposits and term deposits over three months	**20,907,691**	**–**	**–**	**20,907,691**
– Cash and cash equivalents	**15,041,195**	**–**	**–**	**15,041,195**
– Entrusted Loans	**4,439**	**–**	**–**	**4,439**
Other items subject to ECL				
Contract assets *(Note ii)*	**N/A**	**1,493,672**	**–**	**1,493,672**
Finance lease receivables *(Note ii)*	**N/A**	**285,212**	**–**	**285,212**
Financial guarantee contacts *(Note i)*	**20,395,597**	**–**	**–**	**20,395,597**

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

Bank balances, bank deposits and term deposits (continued)

As at 31 December 2019 (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	6,897,430	–	–	6,897,430
Financial assets at amortised cost				
– Trade receivables *(Note ii)*	N/A	7,514,333	321,368	7,835,701
– Other receivables	3,248,407	19,726	483,999	3,752,132
– Long-term receivables	8,822	–	–	8,822
– Loans to the Parent Company and fellow subsidiaries	4,356,692	–	–	4,356,692
– Restricted bank deposits and term deposits over three months	13,466,428	–	–	13,466,428
– Cash and cash equivalents	12,137,655	–	–	12,137,655
– Entrusted Loans	1,275,000	–	–	1,275,000
Other items subject to ECL				
Contract assets *(Note ii)*	N/A	957,294	–	957,294
Finance lease receivables *(Note ii)*	N/A	241,190	–	241,190
Financial guarantee contacts *(Note i)*	20,672,688	–	–	20,672,688

Notes:

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

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

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

Bank balances, bank deposits and term deposits (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)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	465,034	107,499	572,533
– Impairment losses recognised	25,017	9,778	34,795
– Impairment losses reversed	(61,922)	(3,561)	(65,483)
– Write-offs	–	(16,978)	(16,978)
– Transfer	(218,572)	218,572	–
As at 31 December 2019 (Restated)	209,557	315,310	524,867
– Impairment losses recognised	**18,358**	**33,782**	**52,140**
– Impairment losses reversed	**(3,731)**	**(698)**	**(4,429)**
– Write-offs	**–**	**(2,641)**	**(2,641)**
– Transfer	**(48,772)**	**48,772**	**–**
As at 31 December 2020	**175,412**	**394,525**	**569,937**

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.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

Bank balances, bank deposits and term deposits (continued)

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

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	112,525	7,595	384,709	504,829
– Impairment losses recognised	30,322	1,469	333	32,124
– Impairment losses reversed	(7,189)	(146)	(23,597)	(30,932)
– Write-offs	–	–	(71)	(71)
– Others	–	–	88,591	88,591
As at 31 December 2019	135,658	8,918	449,965	594,541
– Impairment losses recognised	**17,249**	**1,434**	**432**	**19,115**
– Impairment losses reversed	**(1,586)**	**(6)**	**(52,570)**	**(54,162)**
– Others	**–**	**–**	**(8)**	**(8)**
As at 31 December 2020	**151,321**	**10,346**	**397,819**	**559,486**

(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.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents (Note 31)) on the basis of expected cash flows.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately RMB6,925 million. Details of the ways to mitigate the liquidity risk are set out in Note 2.1.

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 2020							
Borrowings	**4.20%**	**19,765,548**	**15,453,895**	**34,006,585**	**6,619,996**	**75,846,024**	**68,657,496**
Bonds	**4.55%**	**7,048,183**	**11,023,550**	**11,667,353**	**536,500**	**30,275,586**	**27,011,323**
Trade and other payables	**N/A**	**38,264,360**	**–**	**–**	**–**	**38,264,360**	**38,264,360**
Other long-term liabilities	**N/A**	**–**	**291,456**	**759,873**	**4,454,710**	**5,506,039**	**3,845,156**
Lease liabilities	**N/A**	**37,207**	**109,016**	**161,896**	**299,124**	**607,243**	**446,281**
Financial guarantees	**N/A**	**20,395,597**	**–**	**–**	**–**	**20,395,597**	**–**
Total		**85,510,895**	**26,877,917**	**46,595,707**	**11,910,330**	**170,894,849**	**138,224,616**
At 31 December 2019 (restated)							
Borrowings	4.79%	29,217,387	16,404,346	15,930,584	5,074,572	66,626,889	61,314,191
Bonds	5.03%	12,660,083	6,870,983	17,458,407	–	36,989,473	32,926,037
Trade and other payables	N/A	38,797,107	–	–	–	38,797,107	38,797,107
Other long-term liabilities	N/A	–	1,197,986	1,190,135	1,568,469	3,956,590	3,837,089
Lease liabilities	N/A	67,329	54,762	159,537	353,510	635,138	503,523
Financial guarantees	N/A	20,672,688	–	–	–	20,672,688	–
Total		101,414,594	24,528,077	34,738,663	6,996,551	167,677,885	137,377,947

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 48.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.3 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	Fair value as at 31 December 2020 RMB'000	31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Listed equity instruments at FVTOCI	**19,707**	24,730	Level 1	Quoted bid prices in an active market.
2) Debt instruments at FVTOCI	**3,520,723**	6,897,430	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawees of notes at the end of the reporting period.
3) Unlisted equity instruments at FVTOCI	**2,257,031**	2,304,025	Level 3	Income or Market approach, when more appropriate Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee, based on an appropriate discount rate. Market approach – valuations are derived by reference to observable valuation measures for comparable companies, and adjusted for the differences between the investment and the referenced comparable.

49. FINANCIAL RISK MANAGEMENT (CONTINUED)

49.3 Fair value estimation (continued)

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

Unlisted equity instruments at FVTOCI

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Beginning of the year	**2,304,025**	4,538,286
Additions	**–**	105,000
Transfer	**–**	(2,265,793)
Total losses in other comprehensive income	**(46,994)**	(73,468)
End of the year	**2,257,031**	2,304,025

Included in other comprehensive income is loss of RMB46,994,000 (2019: RMB73,468,000) 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 2020		As at 31 December 2019	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Long-term borrowings (Level 2)	**51,516,595**	**51,665,773**	34,242,915	34,383,841
Long-term bonds(including amounts due within one year) (Level 1)	**27,011,323**	**27,858,680**	32,926,037	34,094,934

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.

50. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries less cash and cash equivalents. Total capital is calculated as "equity" under China Accounting Standards for Business Enterprises and net debt.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000* (Restated)
Total borrowings, bonds and deposits from the Parent Company and fellow subsidiaries	**103,537,452**	103,183,918
Less: cash and cash equivalents	**(15,041,195)**	(12,137,655)
Net debt	**88,496,257**	91,046,263
Total equity	**123,853,702**	117,425,685
Total capital	**212,349,959**	208,471,948
Gearing ratio	**42%**	44%

51. 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 2020 RMB'000	As at 31 December 2019 RMB'000
Property, plant and equipment	**5,561,655**	6,905,253
Mining rights	**235,000**	235,000
	5,796,655	7,140,253

(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 other three companies. As a 38.75% shareholder, by 31 December 2020 the Company has invested RMB6,787 million in Zhongtian Synergetic and is committed to further invest RMB481 million by instalments in the future.

According to the agreement entered into in October 2014, Shanxi Jingshen Railway Company Limited ("Jingshen Railway") was established by Shanxi Yulin (a subsidiary of the Company), Shanxi Coal and Chemical Industry Group Co., Ltd., Shanxi Yulin Coal Distribution Co., Ltd. and other six companies. As a 4% shareholder, by 31 December 2020 Shanxi Yulin has invested RMB215 million in Jingshen Railway and is committed to further invest RMB33 million in the future.

52. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions and balances with the PRC government-related entities

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

Set out below is a summary of significant related party transactions for the years ended 31 December 2020 and 2019.

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Transactions with the Parent Company and fellow subsidiaries		
Integrated Material and Services Mutual Provision *(Note (i))*:		
Purchase of production materials, machinery and equipment from the Parent Company and fellow subsidiaries	**3,393,549**	3,619,968
Charges for social and support services provided by the Parent Company and fellow subsidiaries	**146,382**	83,598
Sales of production materials, machinery and equipment to the Parent Company and fellow subsidiaries	**1,666,468**	1,415,130
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	**4,371**	1,040
Mine Construction, Design and General Contracting Service *(Note (ii))*:		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	**3,087,658**	1,820,749
Leasing *(Notes (iii) and (vii))*:		
Rental fees relating to property leasing paid to the Parent Company and fellow subsidiaries	**63,902**	54,946
Coal Supplies *(Note (iv))*:		
Coal purchased from the Parent Company and fellow subsidiaries	**3,398,540**	4,878,939

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Transactions with the Parent Company and fellow subsidiaries (continued)		
Financial Services ***(Note (v))*****:**		
Loans provided to the Parent Company and fellow subsidiaries	**2,554,000**	4,090,000
Loans repayment received from the Parent Company and fellow subsidiaries	**1,443,821**	2,784,002
Deposits paid to the Parent Company and fellow subsidiaries	**1,075,057**	164,177
Interest paid or payable to the Parent Company and fellow subsidiaries	**72,782**	91,416
Interest received or receivable from the Parent Company and fellow subsidiaries	**242,125**	172,398
Charges for providing entrusted loans	**1,486**	158
Entrusted loans entrusted by the Parent Company	**419,985**	–
Interest paid or payable arising from entrusted loans entrusted by the Parent Company	**13,638**	–
Fee paid for use of trademark to the Parent Company ***(Note (vi))***	**RMB1**	RMB1

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Transactions with joint ventures of the Group:		
Sales and services provided:		
Sales of coal	**–**	11,223
Sales of machinery and equipment	**–**	6,116
Income from renting property, plant and equipment	**–**	113
Purchases of goods and services:		
Purchases of coal	**–**	218,110

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Transactions with associates of the Group:		
Sales and services provided:		
Sales of machinery and equipment	**388,621**	131,609
Sales of materials and spare parts	**103,074**	84,052
Railway rental income	**153,266**	126,903
Income from providing labour services	**10,152**	67,335
Sales of coal	**2,167,761**	2,373,465
Sales of providing production materials and auxiliary services	**221,120**	226,905
Charges paid for agency services of coal export	**–**	115
Purchases of goods and services:		
Purchases of coal	**2,189,978**	1,968,328
Purchases of materials and spare parts	**1,848,993**	1,790,289
Transportation services purchased	**2,781,595**	2,880,462
Receiving social services, railway custody service, construction and technical services	**156,229**	52,128
Financial services:		
Loan repayment from associates of the Group	**1,275,000**	150,000
Entrusted loans provided	**4,439**	–
Interest income	**31,141**	20,262
Transactions with a substantial shareholder of a significant subsidiary		
Sales and services provided ***(Note (viii))***		
Sales of coal	**541,329**	367,244

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Transactions with the primary shareholders with significant influence over subsidiaries:		
Sales and services provided:		
Sales of coal	**56,082**	39,202

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Commitments to the Parent Company and fellow subsidiaries:		
With the Parent Company and fellow subsidiaries		
– Purchases of services	**5,118,166**	5,972,441
– Purchases of goods	**178,717**	–
– Leasing payments *(note)*	**–**	600
Total	**5,296,883**	5,973,041

Note: The leasing commitments are from leases under recognition exemption, no outstanding commitments of such leases as at 31 December 2020.

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Loan guarantees to associates and joint ventures of the Group:		
– Associates	**10,579,519**	12,578,594
– A joint venture	**190,000**	245,000
Total	**10,769,519**	12,823,594

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

Notes:

(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 2020.

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

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

The agreement was renewed to extend the term to 31 December 2020.

(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, and RMB120,000 for 2018 to 2020.

(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 2020.

(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 2020.

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

(vii) The rental fees are arising from lease payments subject to recognition exemption which are recognised in profit or loss.

(viii) The Company and Shanxi Coking Coal Group Co., Limited ("Shanxi Coking Coal Group") entered into a Coal and Coal Related Products and Services Supply Agreement on 23 October 2014, under which the Group purchases the coal and coal related products and accepts services from Shanxi Coking Coal and its subsidiaries and Shanxi Coking Coal and its subsidiaries purchases the coal and coal related products and accepts services from the Group. The agreement was renewed to extend the term to 31 December 2020.

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.

52. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

During the years ended 31 December 2019 and 2020, majority of the following Group's activities are conducted with other government-related entities:

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

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

- Lease of assets; and
- Retirement benefit plans.

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

52. 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	
	2020	2019
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**2,371**	2,406
– Other key management	**3,960**	3,968
	6,331	6,374
Pension costs-defined contribution plans		
– Directors and supervisors	**133**	182
– Other key management	**313**	410
	446	592
	6,777	6,966

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

Statement of financial position of the Company

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**102,320**	95,262
Intangible assets	**73,971**	66,794
Investments in subsidiaries	**85,066,084**	83,051,229
Investments in associates	**14,377,650**	14,377,650
Investments in joint ventures	**213,433**	213,433
Equity instruments at FVTOCI	**1,978,191**	2,031,918
Deferred income tax assets	**1,088,528**	1,594,117
Loans to subsidiaries	**9,089,947**	15,220,265
Other non-current assets	**1,134,584**	1,131,666
	113,124,708	117,782,334
Current assets		
Inventories	**166,846**	544,947
Trade receivables	**386,599**	911,292
Debt instruments at FVTOCI	**–**	153,235
Prepayments and other receivables	**323,795**	116,606
Amounts due from subsidiaries	**17,149,025**	12,254,755
Term deposits with initial terms of over three months	**2,256,304**	3,206,304
Cash and cash equivalents	**12,082,474**	9,560,679
	32,365,043	26,747,818
TOTAL ASSETS	**145,489,751**	144,530,152
EQUITY		
Share capital	**13,258,663**	13,258,663
Reserves	**43,972,115**	43,709,816
Retained earnings	**20,293,329**	19,064,994
Total equity	**77,524,107**	76,033,473

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

Statement of financial position of the Company (continued)

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
LIABILITIES		
Non-current liabilities		
Long-term borrowings	**24,313,485**	12,452,000
Long-term bonds	**21,214,064**	21,934,045
	45,527,549	34,386,045
Current liabilities		
Trade and notes payables	**229,182**	2,162,100
Contract liabilities	**6,953**	198,091
Accruals, advances and other payables	**8,519,468**	7,384,286
Taxes payable	**5,233**	51,166
Current portion of long-term borrowings	**7,880,000**	13,323,000
Current portion of long-term bonds	**5,797,259**	10,991,991
	22,438,095	34,110,634
Total liabilities	**67,965,644**	68,496,679
TOTAL EQUITY AND LIABILITIES	**145,489,751**	144,530,152

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

Reserve movement of the Company

	Capital reserve *RMB'000*	Statutory reserve funds *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2019	38,713,240	4,170,298	734,787	17,999,065	61,617,390
Profit and total comprehensive (expense) income for the year	–	–	(63,775)	2,255,371	2,191,596
Appropriations	–	312,661	–	(312,661)	–
Dividends	–	–	–	(1,034,176)	(1,034,176)
Others	–	–	(157,395)	157,395	–
At 31 December 2019	38,713,240	4,482,959	513,617	19,064,994	62,774,810
Profit and total comprehensive (expense) income for the year	**–**	**–**	**(52,134)**	**3,226,618**	**3,174,484**
Appropriations	**–**	**314,433**	**–**	**(314,433)**	**–**
Dividends	**–**	**–**	**–**	**(1,683,850)**	**(1,683,850)**
Others	**–**	**–**	**–**	**–**	**–**
At 31 December 2020	**38,713,240**	**4,797,392**	**461,483**	**20,293,329**	**64,265,444**

Financial Summary for Recent Five Years

Unit: RMB1 thousand	2016 Annual Report (Restated)	2017 Annual Report (Restated)	2018 Annual Report (Restated)	2019 Annual Report (Restated)	**2020 Annual Report**
Revenue and Profit					
Revenue	60,664,109	81,512,560	104,140,084	129,334,706	**140,961,304**
Profit before income tax	3,002,878	7,075,008	9,925,298	13,024,481	**11,683,300**
Income tax expense	299,265	1,656,129	2,534,776	3,500,818	**3,363,448**
Profit for the year	2,703,613	5,418,879	7,390,522	9,523,663	**8,319,852**
Attributed to					
Equity holders of the Company	1,716,167	3,367,239	4,406,148	6,199,338	**5,350,726**
Non-controlling interests	987,446	2,051,640	2,984,374	3,324,325	**2,969,126**
Dividends	514,532	724,328	1,030,373	1,687,931	**1,771,250**
Basic earnings per share attributable to the equity holders of the Company	0.13	0.25	0.33	0.47	**0.40**
Assets and Liabilities					
Non-current assets	198,123,144	202,413,120	209,296,426	217,443,719	**219,349,061**
Current assets	44,572,628	49,587,129	54,976,390	55,107,152	**62,224,754**
Current liabilities	61,426,565	64,139,383	68,848,301	83,697,464	**69,149,603**
Net current liabilities	16,853,937	14,552,254	13,871,911	28,590,312	**6,924,849**
Total assets less current liabilities	181,269,207	187,860,866	195,424,515	188,853,407	**212,424,212**
Non-current liabilities	79,128,099	81,438,432	84,924,529	71,575,881	**88,758,614**
Net assets	102,141,108	106,422,434	110,499,986	117,277,526	**123,665,598**
Equity attributable to the equity holders of the Company	86,074,280	89,301,594	91,951,172	97,047,962	**100,659,481**
Non-controlling interests	16,066,828	17,120,840	18,548,814	20,229,564	**23,006,117**

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	Peng Yi

INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

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

BASIC INFORMATION ABOUT THE COMPANY

Registered Address and Office Address of the Company	No. 1 Huangsidajie, Chaoyang District, Beijing, the PRC
Post Code	100120
Internet Website	http://www.chinacoalenergy.com
Email Address	IRD@chinacoal.com
Newspapers Designated for Information Disclosure	Shanghai Securities Journal, Securities Times
Internet Website Designated by CSRC for Publication of 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
A Shares	Shanghai Stock Exchange	中煤能源	601898
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	01898

Authorised Representatives of the Company	Li Yanjiang, Yi Baohou
Company Secretary	Yi Baohou

Company Profile

OTHER RELEVANT INFORMATION

Date of first registration of the Company	22 August 2006
Location of first registration of the Company	No. 1 Huangsidajie, Chaoyang District, Beijing, the PRC
Date of change in registration of the Company	28 June 2010
Location of change in registration of the Company	No change
Unified Social Credit Code	91110000710934289T

ACCOUNTING FIRMS OF THE COMPANY

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

LEGAL ADVISORS OF THE COMPANY

Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	DLA Piper Hong Kong
Contact address	25th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong

SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

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

Definitions

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

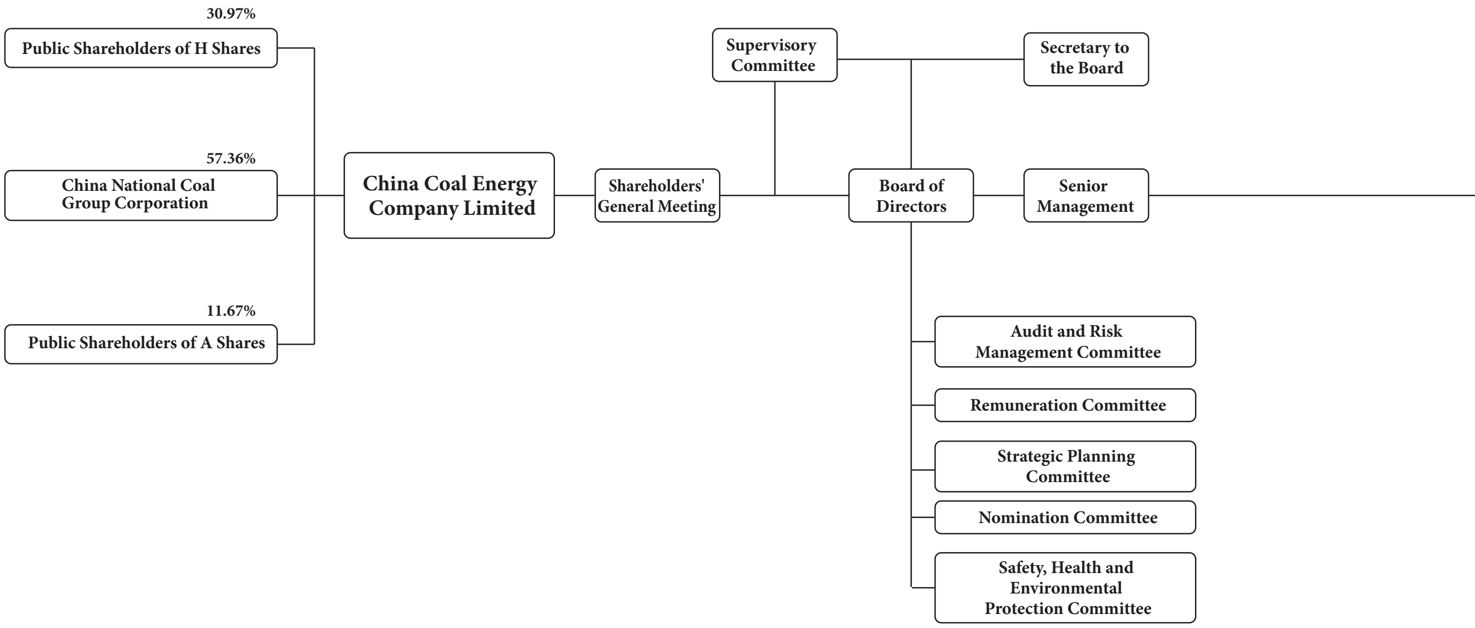
Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Director(s)	the director(s) of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Supervisor(s)	the supervisor(s) of the Company
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Pingshuo Group	China Coal Pingshuo Group Company Limited
Shanghai Energy Company	Shanghai Datun Energy Resources Company 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
China Coal Huajin Company	China Coal Huajin Energy Group Limited
China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Northwest Energy Company	China Coal Northwest Energy Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
China Coal Electricity	China Coal Electricity Company Limited
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited
Finance Company	China Coal Finance Co., Ltd.

Definitions

Panjiayao Coal	Shanxi China Coal Panjiayao Coal Co., Ltd.
Shanxi Coking	Shanxi Coking Co., Ltd.
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.
Muduchaideng Coal Mine	Muduchaideng Coal Mine Project of Ordos Yihua Mining Resources Company Limited
Nalin River No.2 Coal Mine	Nalin River No.2 Coal Mine Project of Wushenqi Mengda Mining Company Limited
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited
Wangjialing Coal Mine	Wangjialing Coal Mine Project of China Coal Huajin Energy Group Limited
Libi Coal Mine	Libi Coal Mine of China Coal Huajin Group Jincheng Energy 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
CSRC	China Securities Regulatory Commission
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 Strategy Planning (International Collaboration & Development Department)
- Department of Human Resources
- Department of Operation Management
- Finance Department
- Production and Operation Command Centre
- Technology Management Centre
- Department of Coal Chemical Business (Department of Coal Chemical Safety Supervision, Coal Chemical Research Institute)
- Department of Infrastructure Management
- Department of Science & Technology and Environmental Protection
- Department of Information Management
- Department of Safety and Health
- Department of Legal Affairs
- Audit Department
- Purchase Centre
- Coal Sales Centre
- Coal Chemical Products Sales Centre

Branches

- China Coal Energy Company Limited, Xinjiang Branch

Subsidiaries

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

Equity Investment Companies

Zhongtian Synergetic Energy Company Limited	38.75%
Taiyuan Coal Gasification Longquan Energy Development Company Limited	40%
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	16.83%
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	5%
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	10%
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

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