年度報告

Annual Report
2019

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 2019, facing the complex situation of evidently rising risks and challenges both at home and abroad, the Chinese economy adhered to the general tone of making progress amid stability, focused on supply-side structural reforms, strove to achieve high-quality development, and maintained overall stability with progress, which shows sufficient development tenacity. China Coal Energy took reform and innovation as its driving force, thoroughly implemented a new vision of development, consolidated and deepened the results of supply-side structural reforms, maintained strategic positioning, and proactively responded to downward market price and other adverse factors. Thus, new achievements have been made in various tasks, major production and operational indicators have hit new highs, and profitability and operating quality have reached a new level. During the year, the operating revenue of the Company amounted to RMB129.3 billion, representing a year-on-year increase of 24.2%; profit before income tax amounted to RMB13.02 billion, representing a year-on-year increase of 31.2%; profit attributable to the equity holders of the Company was RMB6.20 billion, representing a year-on-year increase of 40.6%. The cash-generating capacity was further enhanced with a year-on-year increase of RMB6.11 billion in net cash inflow generated from production and sales activities. Return on capital improved significantly with the return on net assets increased by 1.7 percentage points year-on-year. The asset-liability structure remained sound with a decrease of the gearing ratio of 2.2 percentage points as compared to the beginning of the year.

Over the past year, China Coal Energy has adhered to safe, efficient, green, and intelligent development, continuously released advanced production capacity, accurately grasped market situation, and constantly optimized product structure. As a result, the Company achieved new breakthroughs in production and sales of major products with the sales volume of self-produced commercial coal and proprietary coal trading both exceeding 100 million tonnes, and the total coal sales volume exceeding 200 million tonnes. During the year, the production volume of commercial coal of the Company reached 100 million tonnes, representing a year-on-year increase of 32%; coal sales volume was 230 million tonnes, representing a year-on-year increase of 38.6%, of which, the sales volume of proprietary coal trading was 120 million tonnes, representing a year-on-year increase of 45.1%. Coal chemical enterprises proactively coped with market changes, continuously strengthened the linkage among production, transportation, sales and marketing, maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products", achieving a total output for all coal chemical products of 4.39 million tonnes, representing a year-on-year increase of 8.8%, and all the coal chemical products produced were sold out. Coal mining equipment enterprises closely seized market opportunities, proactively strived for high-quality orders, continuously optimized production organization, and accelerated the pace of production, realizing the production value of RMB8.15 billion in coal mining equipment, representing a year-on-year increase of 17.3%. On behalf of the Board of the Company, I hereby would like to express my heartfelt appreciation to all Shareholders and people from all walks of life for their concern and support to the Company over the past year!

The above achievements represent our persistent focus on the principal business, constant adherence to development strategy, continuous optimization of industrial layout structure, and relentless deepening of transformation and upgrading. The comprehensive strength of coal segment was substantially enhanced, with the orderly release of advanced production capacity of Muduchaideng Coal Mine and Nalin River No.2 Coal Mine, official commencement of operation of Xiaohuigou Coal Mine with an annual production capacity of 3 million tonnes of main coking coal, and the smooth progress of projects under construction such as Dahaize Coal Mine with an annual output of 15 million tonnes of high-quality thermal coal and Libi Coal Mine with an annual output of 4 million tonnes of anthracite. The development of the coal chemical segment continued to be optimized with the steady push forward of the Technological Transformation Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas. The power generation business was gradually scaled up with the completion of construction and commencement of operation of the 2×350MW thermal power project of Shanghai Energy Company and the 2×660MW Second Power Plant Project located in the north of Wucai Bay, Zhundong, Xinjiang. The marketing system was further improved with the full completion of the marketing network layout of domestic coastal, rivers, railways, and inland areas, the national-wide market coverage was preliminarily achieved, and the market influence and synergy of production and sales were significantly enhanced. Coal mining equipment enterprises closely focused on top-notch intelligent manufacturing, continuously improved the innovation system, and took "Double-Hundred Action" (雙百行動) as an opportunity to persistently promote industrial transformation and upgrading. With regard to the Company's finance business, its service support capabilities and fund management efficiency were improved significantly with the scale of operation, the innovation capability and profitability, and the operation quality among the most advanced positions in the industry. The circular economy of coal-electricity-chemical industry was further upgraded, and its related industries maintained stable operation with a sound development trend while the foundation for high-quality development was further consolidated, and its risk resistance capability was prominently improved.

Chairman's Statement

Moving into 2020, the Company has seen a marked increase in various risks and challenges, as well as a mounting economic downward pressure, and the outbreak of novel coronavirus pneumonia has severely affected China's economy and society. The coal market witnessed more intensive competition with the growth of coal demand slowing down and the in-construction production capacities gradually released. However, in light of the strong resilience that the Chinese economy has displayed in seeking high-quality development, the basic trend of making progress while maintaining stability and long-term development has not changed. Coal will maintain its dominant role during a comparatively long period in China's energy structure. The Company is not afraid of the dark clouds blocking its view and is looking ahead with a positive mind. After years of reform, innovation and development, China Coal Energy has seen a continuous enhancement in the synergy and complementary advantages of coal, electricity, chemical and related industries, and its asset quality and risk resistance capacities have witnessed significant improvement, all of which have laid a solid groundwork for the Company's sustainable and high-quality development. The Company has sufficient confidence and rich experience to cope with all risks and challenges that may arise in the future.

The Company will continue to implement the new development concept, uphold the operating idea of "making progress amid stability with reform and innovation", continue to deepen supply- side structural reform and make coordinated efforts to push ahead all tasks, so as to achieve the annual production and operation targets and priority tasks and further promote the high-quality development of the Company. Firstly, by focusing on responsibilities and business and giving full play to the integration advantage of coal, electricity and chemical, the Company will be committed to growing stronger, better and bigger, continuously deepen industrial transformation and upgrading, and further strengthen the coordinated development of clean energy suppliers and integrated energy service providers, with an aim to ensure that the high-quality development can reach a new level. Secondly, by closely focusing on the annual production and operation targets, the Company will enhance operation and management to improve quality and efficiency, adhere to the strategy to broaden sources of income and reduce expenditure, proactively take actions to offset the effect of unfavourable factors such as the market downward pressure and the periodic impact of the novel coronavirus pandemic, with an aim to maintaining high profitability. Thirdly, the Company will overcome difficulties to deepen the reform of enterprises. By seizing the opportunity of the three-year-action-plan for state-owned enterprises reform, the Company will continue to take steps to ensure the success of the "Double-Hundred Action" (雙百行動), deepen institutional mechanism reform, and further stimulate employees' motivation and creativity, so as to continuously make new breakthroughs in various tasks. Fourthly, based on the Company's strategy, the Company will vigorously advance technological innovation, proactively carry out research and development of major programs, and strive to make breakthrough in key and core technologies, so as to enhance the competitiveness of the Company. Fifthly, by giving priority to stability in risk management and control, the Company will ensure the sustainable and healthy development through adhering to a robust operation philosophy and focusing on the management and control of risks relating to safety, operation, environmental protection, stability and pandemic disease.

The Company has a long and challenging journey to go before achieving greater goals. In 2020, China Coal Energy will keep in mind its original aspirations, strengthen its responsibilities and undertakings, and adopt a down-to-earth attitude. The Company will endeavor to forge ahead with determination with high morale in an aggressive manner with an aim to build a world first-class energy company and create more value for investors!

Li Yanjiang
Chairman

Beijing, the PRC
20 March 2020

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

In 2019, the Group stuck to the policy of high-quality development, consolidated and deepened the achievements of supply-side structural reform, and continuously released advanced capacities, resulting in an increase in the output of self-produced commercial coal by 24.71 million tonnes from 77.13 million tonnes in 2018 to 101.84 million tonnes. The Group further improved its marketing system, proactively expanded sales channels, as a result, the sales volume of self-produced commercial coal increased by 25.28 million tonnes from 76.67 million tonnes in 2018 to 101.95 million tonnes, marking that all coal produced were sold out, while the sales volume of proprietary coal trading increased by 37.67 million tonnes from 83.60 million tonnes in 2018 to 121.27 million tonnes, reflecting the enhanced market presence. The Group improved its product quality, optimized the product structure and scientifically controlled costs, maintained the production in a safe, efficient and stable manner and effectively offset the downward impact of price, as a result, the gross profit of coal and coal mine equipment business increased by 12.0% and 19.2% respectively over 2018, and the gross profit margin of coal chemical business was basically flat over 2018. With financial business mainly servicing for the Group's principal business, the Group continued to press ahead with management innovation and technological innovation on financial business, leading to an increase of 21.8% and 17.5% in the amount of self-operated loans and the deposits absorbed respectively, and bringing effectiveness and efficiency of capital concentration into full play. As asset quality continued to improve, asset impairment loss (including credit impairment loss with reversal deducted) decreased by RMB575 million over 2018. The Group encouraged investment entities to strengthen corporate governance and increase economic returns, as a result, profits attributable to associates and joint ventures increased by RMB788 million from 2018.

Focusing on improving quality benefits and core competitiveness, the Group continuously optimized its industrial layout structure, promoted transformation and upgrading, and laid a solid foundation for coping with difficulties and challenges regarding high-quality development. In 2019, despite of the unfavorable factors such as the downward market prices of main products, the major performance indicators reached new highs, and the financial soundness was further enhanced.

Unit: RMB100 million

	For the year ended 31 December 2019	For the year ended 31 December 2018 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**1,292.94**	1,041.40	251.54	24.2
Profit before income tax	**130.19**	99.25	30.94	31.2
EBITDA	**248.57**	193.74	54.83	28.3
Profit attributable to the equity holders of the Company	**61.97**	44.06	17.91	40.6
Net cash generated from operating activities	**219.84**	204.26	15.58	7.6

Management Discussion and Analysis of Financial Conditions and Operating Results

Unit: RMB100 million

	As at 31 December 2019	As at 31 December 2018 (restated)	**Compared with the end of last year** Increase/ decrease in amount	Increase/ decrease (%)
Assets	**2,724.69**	2,642.73	81.96	3.1
Liabilities	**1,552.48**	1,537.73	14.75	1.0
Interest-bearing debts	**942.40**	973.61	-31.21	-3.2
Equity	**1,172.21**	1,105.00	67.21	6.1
Equity attributable to the equity holders of the Company	**970.19**	919.51	50.68	5.5
Gearing ratio (%) = total interest-bearing debts/ (total interest-bearing debts + equity)	**44.6**	46.8	A decrease of 2.2 percentage points	

II. OPERATING RESULTS

(1) 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 2019 and the year-on-year changes are set out as follows:

Unit: RMB100 million

	For the year ended 31 December 2019 (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	**1,045.08**	**882.80**	**162.28**	235.96	218.60	17.36
Coal chemical operations	**177.72**	**146.78**	**30.94**	-2.34	-1.18	-1.16
Coal mining equipment operations	**82.70**	**71.60**	**11.10**	12.18	10.39	1.79
Financial operations	**11.82**	**3.54**	**8.28**	11.82	3.51	8.31
Other operations	**54.41**	**54.10**	**0.31**	15.90	12.59	3.31
Inter-segment elimination	**-78.79**	**-75.85**	**-2.94**	-21.98	-19.78	-2.20
The Group	**1,292.94**	**1,082.97**	**209.97**	251.54	224.13	27.41

Note: In view of the development of its financial operations, the Group has singled it out as an independent business segment and separately disclosed such information as the revenue and cost of sales in the management's discussion and analysis of the Group's financial conditions and operating results as well as the business performance since 2019, as an effort to facilitate the financial statement users' understanding of the performance of various business segments.

Management Discussion and Analysis of Financial Conditions and Operating Results

1. *Revenue*

For the year ended 31 December 2019, the Group's revenue increased from RMB104.140 billion for the year ended 31 December 2018 to RMB129.294 billion, representing an increase of RMB25.154 billion or 24.2%, which was mainly due to the an increase in the output of self-produced commercial coal as a result of the gradual release of advanced coal production capacity by the Group, as well as the expansion on the sales scale of proprietary coal trading of the Group through leveraging on its marketing advantages, which resulted in a year-on-year increase of RMB22.525 billion in the revenue net of inter-segmental sales, representing an increase of 29.2%.

Revenue net of inter-segmental sales generated from each operating segment of the Group for the year ended 31 December 2019 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 2019	For the year ended 31 December 2018 (restated)	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**996.19**	770.94	225.25	29.2
Coal chemical operations	**175.12**	178.66	-3.54	-2.0
Coal mining equipment operations	**70.21**	61.85	8.36	13.5
Financial operations	**7.76**	–	7.76	–
Other operations	**43.66**	29.95	13.71	45.8
The Group	**1,292.94**	1,041.40	251.54	24.2

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 2019 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 2019	For the year ended 31 December 2018 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**77.1**	74.0	3.1
Coal chemical operations	**13.5**	17.2	-3.7
Coal mining equipment operations	**5.4**	5.9	-0.5
Financial operations	**0.6**	–	0.6
Other operations	**3.4**	2.9	0.5

2. Cost of sales

For the year ended 31 December 2019, the Group's cost of sales increased by 26.1% from RMB85.884 billion for the year ended 31 December 2018 to RMB108.297 billion, which was mainly due to the increase in the output and sales volume of self-produced commercial coal of the Group, the expansion on the scale of proprietary coal trading etc., all of which led to a year-on-year increase of RMB21.860 billion or 32.9% in the cost of sales of its coal business. 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 24.9% from RMB53.879 billion for the year ended 31 December 2018 to RMB67.283 billion, which was mainly attributable to the year-on-year increase of 37.67 million tonnes in the sales volume of proprietary coal trading of the Group, which led to a year-on-year increase of RMB12.498 billion in procurement costs of trading coal. In addition, a year-on-year increase in the output of self-produced commercial coal resulted in the corresponding increase of material consumption for coal production.

Staff costs increased by 21.8% from RMB4.542 billion for the year ended 31 December 2018 to RMB5.532 billion, which was mainly attributable to the fact that some construction projects of the Group were successively put into production, as well as the Group's adjustments to the salaries of its employees in consideration of its operating results.

Depreciation and amortisation costs increased by 32.7% from RMB6.940 billion for the year ended 31 December 2018 to RMB9.209 billion, which was mainly attributable to the successive commissioning of the Group's certain construction projects.

Repairs and maintenance costs increased by 21.7% from RMB1.530 billion for the year ended 31 December 2018 to RMB1.862 billion, which was mainly due to the Group's effort in strengthening the daily repairs and maintenance of its equipment.

Transportation costs and port expenses increased by 24.4% from RMB9.992 billion for the year ended 31 December 2018 to RMB12.435 billion, which was mainly attributable to the increase in sales volume of coal that bears the railroad transportation costs and port expenses as a result of the expansion of the Group's coal sales scale.

Sales taxes and surcharges increased by 23.0% from RMB2.835 billion for the year ended 31 December 2018 to RMB3.486 billion, which was mainly attributable to the increase in the sales revenue of the Group's self-produced commercial coal, resulting in the year-on-year increase of resource tax and surcharge tax.

Outsourced mining engineering fees increased by 90.9% from RMB1.807 billion for the year ended 31 December 2018 to RMB3.450 billion, which was mainly attributable to the increase in the outsourced mining engineering volume due to the expansion of coal production scale of the Group, as well as the adoption of several measures such as increasing its efforts to strip the open-pit mines and excavating the underground mines for enhancing the continuous production.

Management Discussion and Analysis of Financial Conditions and Operating Results

Other costs increased by 15.6% from RMB4.359 billion for the year ended 31 December 2018 to RMB5.040 billion, which was mainly attributable to the increase in expenses such as the Group's related sporadic engineering expenditure and auxiliary expenses.

3. Gross profit and gross profit margin

For the year ended 31 December 2019, affected by the downward market prices of main products, the Group's integrated gross profit margin decreased by 1.3 percentage points from 17.5% for the year ended 31 December 2018 to 16.2%. However, the price downward affect was effectively offset through the measures of the continuous release of advanced coal production capacity, scientific cost control and proactive expansion of sales scale of the Group, as a result of which, the Group's gross profit increased by 15.0% from RMB18.256 billion for the year ended 31 December 2018 to RMB20.997 billion.

The gross profit and gross profit margin from each operating segment of the Group for the year ended 31 December 2019 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 2019	For the year ended 31 December 2018 (restated)	Increase/ decrease (%)	**For the year ended 31 December 2019**	For the year ended 31 December 2018 (restated)	Increase/ decrease (percentage point(s))
Coal operations	**162.28**	144.92	12.0	**15.5**	17.9	-2.4
Self-produced commercial coal	**156.44**	140.38	11.4	**31.5**	36.1	-4.6
Proprietary coal trading	**5.31**	3.97	33.8	**1.0**	1.0	–
Coal chemical operations	**30.94**	32.10	-3.6	**17.4**	17.8	-0.4
Coal mining equipment operations	**11.10**	9.31	19.2	**13.4**	13.2	0.2
Financial operations	**8.28**	-0.03	–	**70.1**	–	–
Other operations	**0.31**	-3.00	–	**0.6**	-7.8	8.4
The Group	**209.97**	182.56	15.0	**16.2**	17.5	-1.3

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

(2) 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 in coal import and export and domestic agency services.

For the year ended 31 December 2019, the revenue from coal operations of the Group increased by 29.2% from RMB80.912 billion for the year ended 31 December 2018 to RMB104.508 billion. Revenue net of inter-segmental sales increased by 29.2% from RMB77.094 billion for year ended 31 December 2018 to RMB99.619 billion.

For the year ended 31 December 2019, the revenue from sales of the self-produced commercial coal of the Group increased by 27.5% from RMB38.914 billion for year ended 31 December 2018 to RMB49.596 billion, which was mainly attributable to the year-on-year increase of 25.28 million tonnes in the sales volume and RMB12.827 billion in the sales revenue of self-produced commercial coal; the year-on-year decrease of RMB22/tonne in the weighted average sales price led to a decrease of RMB2.145 billion in the revenue of self-produced commercial coal. Revenue net of inter-segmental sales increased by 24.2% from RMB38.426 billion for the year ended 31 December 2018 to RMB47.708 billion.

For the year ended 31 December 2019, the revenue from sales of proprietary coal trading of the Group increased by 31.2% from RMB41.515 billion for the year ended 31 December 2018 to RMB54.450 billion, which was mainly attributable to the year-on-year increase of 37.67 million tonnes in the sales volume and RMB18.703 billion in the revenue from sales of proprietary coal trading; the year-on-year decrease of RMB48/tonne in the comprehensive sales price led to a decrease of RMB5.768 billion in the revenue from sales of proprietary coal trading. Revenue net of inter-segmental sales increased by 34.7% from RMB38.257 billion for year ended 31 December 2018 to RMB51.529 billion.

For the year ended 31 December 2019, revenue from coal agency operations of the Group increased by RMB2 million from RMB31 million for the year ended 31 December 2018 to RMB33 million.

Management Discussion and Analysis of Financial Conditions and Operating Results

The Group's coal sales volume and selling prices for the year ended 31 December 2019 and the year-on-year changes before netting of inter-segmental sales are set out as follows:

		For the year ended 31 December 2019		For the year ended 31 December 2018		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	**10,195**	**486**	7,667	508	2,528	-22	33.0	-4.3
	(I) Thermal coal	**9,162**	**432**	6,792	443	2,370	-11	34.9	-2.5
	1. Domestic sale	**9,143**	**431**	6,786	442	2,357	-11	34.7	-2.5
	2. Export	**19**	**579**	6	590	13	-11	216.7	-1.9
	(II) Coking coal	**1,033**	**973**	875	1,012	158	-39	18.1	-3.9
	Domestic sale	**1,033**	**973**	875	1,012	158	-39	18.1	-3.9
II. Proprietary coal trading	Total	**12,127**	**449**	8,360	497	3,767	-48	45.1	-9.7
	(I) Domestic resale	**11,984**	**447**	8,305	494	3,679	-47	44.3	-9.5
	(II) Self-operated exports*	**35**	**1,247**	27	1,260	8	-13	29.6	-1.0
	(III) Import trading	**108**	**392**	28	526	80	-134	285.7	-25.5
III. Import and export and domestic agency★	Total	**806**	**4**	658	5	148	-1	22.5	-20.0
	(I) Import agency	**139**	**4**	**40**	5	99	-1	247.5	-20.0
	(II) Export agency	**156**	**8**	238	8	-82	–	-34.5	–
	(III) Domestic agency	**511**	**3**	380	3	131	–	34.5	–

* : 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 14.42 million tonnes for 2019 and 11.20 million tonnes for 2018.

(2) Cost of sales

For the year ended 31 December 2019, the Group's sales cost of coal business increased by 32.9% from RMB66.420 billion for the year ended 31 December 2018 to RMB88.280 billion, which was mainly attributable to the continuous release of advanced coal production capacity and expansion on the scale of proprietary coal trading led to a significant increase in the sales volume of coal. 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 2019**	**Percentage (%)**	For the year ended 31 December 2018 (restated)	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**61.86**	**7.0**	42.83	6.4	19.03	44.4
Proprietary coal trading cost☆	**515.78**	**58.5**	390.80	58.8	124.98	32.0
Staff costs	**34.63**	**3.9**	27.43	4.1	7.20	26.2
Depreciation and amortisation	**54.68**	**6.2**	37.52	5.6	17.16	45.7
Repairs and maintenance	**12.62**	**1.4**	9.76	1.5	2.86	29.3
Transportation costs and port expenses	**113.30**	**12.8**	89.96	13.5	23.34	25.9
Sales taxes and surcharges	**30.49**	**3.5**	24.33	3.7	6.16	25.3
Outsourcing mining engineering fees	**34.50**	**3.9**	18.07	2.7	16.43	90.9
Other costs★	**24.94**	**2.8**	23.50	3.7	1.44	6.1
Total cost of sales for coal operations	**882.80**	**100.0**	664.20	100.0	218.60	32.9

☆ : This cost does not include transportation costs related to proprietary coal trading and port expenses. Such transportation costs and port expenses amounted to RMB2.341 billion for 2019 and RMB2.039 billion for 2018, 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 small projects incurred in direct relation to coal production.

The composition of the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2019, and the year-on-year changes are set out as follows:

Unit: RMB/tonne

Item	**For the year ended 31 December 2019**	**Percentage (%)**	For the year ended 31 December 2018	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**60.67**	**18.2**	55.87	17.2	4.80	8.6
Staff costs	**33.96**	**10.2**	35.77	11.0	-1.81	-5.1
Depreciation and amortisation	**53.64**	**16.1**	48.94	15.1	4.70	9.6
Repairs and maintenance	**12.38**	**3.7**	12.73	3.9	-0.35	-2.7
Transportation costs and port expenses	**87.91**	**26.4**	90.74	28.0	-2.83	-3.1
Sales taxes and surcharges	**29.91**	**9.0**	31.72	9.8	-1.81	-5.7
Outsourcing mining engineering fees	**33.84**	**10.2**	23.57	7.3	10.27	43.6
Other costs	**20.72**	**6.2**	25.11	7.7	-4.39	-17.5
Total unit cost of sales of self-produced commercial coal	**333.03**	**100.0**	324.45	100.0	8.58	2.6

For the year ended 31 December 2019, the Group's unit cost of sales of self-produced commercial coal increased by RMB8.58/tonne year-on-year to RMB333.03/tonne, representing an increase of 2.6%, which was mainly attributable to the increase in the unit outsourcing mining engineering fees and material costs due to the increase in the mining engineering volume and materials consumed as the Group increased its efforts to strip the open-pit mines and excavate the underground mines for enhancing the continuous production. In the second half of 2018, the successive commissioning of certain construction projects increased the depreciation and amortisation, leading to an increase in the unit costs of depreciation and amortisation. The year-on-year decrease in sales price of self-produced commercial coal and the year-on-year decrease in gross profit margin caused a decrease in unit sales tax and surcharge. In addition, the dilution effect of the increase in the production and sales volume of self-produced commercial coal, and the decrease in the proportion of sales volume of self-produced commercial coal that bears the railroad transportation costs and port expenses for total sales volume of self-produced commercial coal of the Group, which has led to the year-on-year decrease in the unit staff cost, unit repair and maintenance cost, unit transportation costs and port expenses, and other costs such as the environmental restoration expenses arising from coal mining, and the expenditures for the small projects incurred in direct relation to coal production.

(3) Gross profit and gross profit margin

For the year ended 31 December 2019, affected by market situation, the sales price of coal registered a year-on-year decrease, and gross profit margin from coal operations segment decreased by 2.4 percentage points from 17.9% for the year ended 31 December 2018 to 15.5%. However, due to the significant increase in the sales volume of coal and the effective cost control, the gross profit increased by 12.0% from RMB14.492 billion for the year ended 31 December 2018 to RMB16.228 billion.

2. Coal Chemical Operations Segment

(1) Revenue

For the year ended 31 December 2019, the revenue from coal chemical operations of the Group decreased by 1.3% from RMB18.006 billion for the year ended 31 December 2018 to RMB17.772 billion. Revenue net of inter-segmental sales decreased by 2.0% from RMB17.866 billion for the year ended 31 December 2018 to RMB17.512 billion, which was mainly attributable to the significant year-on-year decrease in coal chemical products' prices due to the impact of the market conditions.

The sales volume and selling prices of the major self-produced coal chemical products of the Group for the year ended 31 December 2019 and the year-on-year changes are set out as follows.

	For the year ended 31 December 2019		For the year ended 31 December 2018		**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	**145.0**	**7,214**	146.7	8,086	-1.7	-872	-1.2	-10.8
1. Polyethylene	**75.2**	**6,919**	74.4	8,181	0.8	-1,262	1.1	-15.4
2. Polypropylene	**69.8**	**7,531**	72.3	7,988	-2.5	-457	-3.5	-5.7
II. Urea	**229.1**	**1,763**	192.9	1,819	36.2	-56	18.8	-3.1
III. Methanol	**95.8**	**1,543**	71.9	2,100	23.9	-557	33.2	-26.5
Including：								
Inter-segment self-consumption volume◆	**82.0**	**1,528**	64.4	2,072	17.6	-544	27.3	-26.3
External sales	**13.8**	**1,628**	7.5	2,342	6.3	-714	84.0	-30.5

◆： 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.

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(2) Cost of sales

For the year ended 31 December 2019, cost of sales for the coal chemical operations of the Group decreased by 0.8% from RMB14.796 billion for the year ended 31 December 2018 to RMB14.678 billion, which was mainly attributable to a year-on-year decrease in procurement price of raw materials and the continual strengthened lean management on cost by each coal chemical enterprise. 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 2019	Percentage (%)	For the year ended 31 December 2018	Percentage (%)	Year-on-year Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**82.99**	**56.5**	88.92	60.1	-5.93	-6.7
Staff costs	**8.25**	**5.6**	7.57	5.1	0.68	9.0
Depreciation and amortisation	**27.35**	**18.6**	24.57	16.6	2.78	11.3
Repairs and maintenance	**4.78**	**3.3**	3.68	2.5	1.10	29.9
Transportation costs and port expenses	**9.65**	**6.6**	9.41	6.4	0.24	2.6
Sales taxes and surcharges	**3.25**	**2.2**	2.93	2.0	0.32	10.9
Other costs	**10.51**	**7.2**	10.88	7.3	-0.37	-3.4
Total cost of sales for coal chemical operations	**146.78**	**100.0**	147.96	100.0	-1.18	-0.8

The cost of sales of the major self-produced coal chemical products of the Group for the year ended 31 December 2019 and the year-on-year changes are set out as follows:

Item	Cost of sales (RMB100 million) For the year ended 31 December 2019	For the year ended 31 December 2018	Increase/ decrease in amount	Unit cost of sales (RMB/tonne) For the year ended 31 December 2019	For the year ended 31 December 2018	Increase/ decrease in amount
1. Polyolefin	**87.86**	99.86	-12.00	**6,062**	6,809	-747
(1) Polyethylene	**46.06**	50.65	-4.59	**6,128**	6,807	-679
(2) Polypropylene	**41.80**	49.21	-7.41	**5,991**	6,810	-819
2. Urea	**29.63**	24.48	5.15	**1,294**	1,269	25
3. Methanol▲	**13.14**	10.72	2.42	**1,373**	1,490	-117

▲: The cost of sales of methanol includes the corresponding sales cost of inter-segmental consumption.

For the year ended 31 December 2019, the cost of sales of the Group's polyolefin was RMB8.786 billion, representing a year-on-year decrease of RMB1.20 billion; unit cost of sales was RMB6,062/tonne, representing a year-on-year decrease of RMB747/tonne, which was mainly attributable to the impact of the continual strengthened lean management on cost and the decreased procurement prices of methanol. The cost of sales of urea was RMB2.963 billion, representing a year-on-year increase of RMB515 million; the unit cost of sales of urea was RMB1,294/tonne, representing a year-on-year increase of RMB25/tonne. The cost of sales of methanol was RMB1.314 billion, representing a year-on-year increase of RMB242 million; the unit cost of sales of methanol was RMB1,373/tonne, representing a year-on-year decrease of RMB117/tonne, which was mainly attributable to the improvement in the operation of methanol facilities, resulting in an increase in production volume year on year.

(3) Gross profit and gross profit margin

For the year ended 31 December 2019, the Group strengthened lean management, scientifically controlled costs, enhanced marketing management, which offset the effects of downward market price in coal chemical products. As a result, the gross profit of the Group's coal chemical operations decreased by 3.6% from RMB3.210 billion for the year ended 31 December 2018 to RMB3.094 billion; and the gross profit margin decreased by 0.4 percentage point from 17.8% for the year ended 31 December 2018 to 17.4%.

3. Coal Mining Equipment Operations Segment

(1) Revenue

In terms of the coal mining equipment operations, by using scientific innovation as the engine, the Group continuously promoted product and service transformation and upgrading, improved the market competitiveness of the products, and thus achieved an increase in the orders for coal mining equipment products. For the year ended 31 December 2019, the Group's revenue from the coal mining equipment operations increased from RMB7.052 billion for the year ended 31 December 2018 to RMB8.270 billion, representing an increase of 17.3%, of which, the revenue net of other intersegmental sales increased from RMB6.185 billion for the year ended 31 December 2018 to RMB7.021 billion, representing an increase of 13.5%.

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(2) Cost of sales

For the year ended 31 December 2019, the Group's cost of sales for the coal mining equipment operations increased from RMB6.121 billion for the year ended 31 December 2018 to RMB7.160 billion, representing an increase of 17.0%. 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 2019**	**Percentage (%)**	For the year ended 31 December 2018	Percentage (%)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**50.20**	**70.1**	45.46	74.3	4.74	10.4
Staff costs	**6.48**	**9.1**	5.07	8.3	1.41	27.8
Depreciation and amortisation	**3.71**	**5.2**	3.23	5.3	0.48	14.9
Repairs and maintenance	**1.07**	**1.5**	0.52	0.8	0.55	105.8
Transportation costs	**1.88**	**2.6**	1.20	2.0	0.68	56.7
Sales taxes and surcharges	**0.38**	**0.5**	0.26	0.4	0.12	46.2
Other costs	**7.88**	**11.0**	5.47	8.9	2.41	44.1
Total cost of sales for coal mining equipment operations	**71.60**	**100.0**	61.21	100.0	10.39	17.0

(3) Gross profit and gross profit margin

For the year ended 31 December 2019, the gross profit of the Group's coal mining equipment operations segment increased from RMB931 million for the year ended 31 December 2018 to RMB1.110 billion, representing an increase of 19.2%; and the gross profit margin increased from 13.2% for the year ended 31 December 2018 to 13.4%, representing an increase of 0.2 percentage point.

4. Financial Operations Segment

The Group's financial operations relied on Finance Company as the main support, and applied advanced budget management system and information management technology to provide financial services such as deposits, loans and bill discounting for the members of China Coal Group, aiming to fully realize the benefits of intensive management of the Group's capital by applying placement of interbank deposits and other financial measures. For the year ended 31 December 2019, revenue of financial operations of the Group was RMB1.182 billion (revenue net of inter-segmental sales was RMB776 million); cost of sales was RMB354 million; and gross profit and gross profit margin were RMB828 million and 70.1%, respectively.

5. Other Operations Segment

Other operations segment of the Group mainly include thermal power generation, aluminum processing, import of equipment and accessories, tendering and bidding services, railway transportation and other business. For the year ended 31 December 2019, the revenue from other operations of the Group increased from RMB3.851 billion for the year ended 31 December 2018 to RMB5.441 billion, representing an increase of 41.3%. Revenue net of inter-segmental sales increased from RMB2.995 billion for the year ended 31 December 2018 to RMB4.366 billion, representing an increase of 45.8%. Cost of sales increased from RMB4.151 billion for the year ended 31 December 2018 to RMB5.410 billion, representing an increase of 30.3%. Gross profit increased by RMB331 million from RMB-300 million for the year ended 31 December 2018 to RMB31 million, and gross profit margin increased from -7.8% for the year ended 31 December 2018 to 0.6%, representing an increase of 8.4 percentage points.

(3) Selling, general and administrative expenses

For the year ended 31 December 2019, the Group's selling, general and administrative expenses increased from RMB5.418 billion for the year ended 31 December 2018 to RMB5.530 billion, representing an increase of 2.1%, which was mainly due to the year-on-year increase in sales expenses as a result of the expansion to the Group's sales scale, as well as the increase in research and development expenses accordingly as a result of the enhancement on efforts in technical research and development by the Group.

(4) Other gains and losses

For the year ended 31 December 2019, other net gains and losses of the Group increased by RMB622 million from RMB-933 million for the year ended 31 December 2018 to RMB-311 million, representing an increase of RMB622 million. This was mainly attributable to the year-on-year decrease in the provision for impairment of assets made by the Group in this year. In recent years, the Group further pushed forward the supply-side structural reform for continuously solidifying the asset quality. In line with the principle of prudence, to objectively and fairly reflect the status of the assets, the Group conducted impairment tests on assets that showed signs of impairment during the year ended 31 December 2019 according to Accounting Standards, and recognised impairment provisions accordingly based on the result of the impairment tests. Among which, provision for impairment of property, plant and equipment with recoverable amount less than carrying amount amounted to RMB592 million; provision for impairment of other non-current assets with recoverable amount less than carrying amount amounted to RMB62 million.

(5) Profit from operations

For the year ended 31 December 2019, the Group's profit from operations increased from RMB11.774 billion for the year ended 31 December 2018 to RMB15.175 billion, representing an increase of 28.9%. 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 2019**	For the year ended 31 December 2018 (restated)	**Year-on-year** Increase/ decrease in amount	Increase/ decrease (%)
The Group		**151.75**	117.74	34.01	28.9
Of which:	Coal operations	**131.34**	108.26	23.08	21.3
	Coal chemical operations	**24.84**	20.24	4.60	22.7
	Coal mining equipment operations	**3.04**	2.12	0.92	43.4
	Finance operations	**7.63**	-0.23	7.86	–
	Other operations	**-9.07**	-9.01	-0.06	0.7

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

(6) Finance income and finance costs

For the year ended 31 December 2019, the Group's net finance costs increased by 30.0% from RMB3.657 billion for the year ended 31 December 2018 to RMB4.754 billion, which was mainly attributable to, among others, the effect that certain in-construction projects of the Group were put into production whereby the relevant interest expenses were recorded as expenses.

(7) Share of profits of associates and joint ventures

For the year ended 31 December 2019, the Group's share of profits of associates and joint ventures increased by 43.6% from RMB1.809 billion for the year ended 31 December 2018 to RMB2.597 billion, which was mainly attributable to the Group's cooperation with the shareholders of its partners to leverage their respective advantages to strengthen the management of the associates and joint ventures, resulting in a year-on-year increase in the profits of the associates and joint ventures, as well as the Group's share of profits of associates and joint ventures recognised in accordance with its shareholding.

(8) Profit before income tax

For the year ended 31 December 2019, the profit before income tax of the Group increased from RMB9.925 billion for the year ended 31 December 2018 to RMB13.019 billion, representing an increase of 31.2%.

(9) Income tax expense

For the year ended 31 December 2019, the Group's income tax expenses increased from RMB2.535 billion for the year ended 31 December 2018 to RMB3.499 billion, representing an increase of 38.0%.

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

For the year ended 31 December 2019, the profit attributable to the equity holders of the Company increased from RMB4.406 billion for the year ended 31 December 2018 to RMB6.197 billion, representing an increase of 40.6%.

III. CASH FLOW

As at 31 December 2019, the balance of the Group's cash and cash equivalents amounted to RMB12.137 billion, representing a net increase of RMB3.765 billion as compared to RMB8.372 billion as at 31 December 2018.

Net cash inflow generated from operating activities increased by RMB1.558 billion from RMB20.426 billion for the year ended 31 December 2018 to RMB21.984 billion. This was mainly attributable to the combined effect of the year-on-year increase in operating results of the Group and the further refinement of capital management, which led to a year-on-year increase of RMB6.107 billion in net cash inflow generated from production and sales activities, and the year-on-year decrease of RMB3.971 billion in cash inflow generated from absorption of deposits of members other than China Coal Energy by Finance Company.

Net cash used in investing activities decreased by RMB5.960 billion from RMB14.617 billion for the year ended 31 December 2018 to RMB8.657 billion. This was mainly the combined effect of the year-on-year decrease of RMB8.046 billion in the cash outflow arisen from the change in term deposits with an initial deposit period of more than three months, and the year-on-year increase of RMB1.463 billion in the cash outflow and the year-on-year increase of RMB462 million in capital expenditures generated from the change in the self-operated loan issued by Finance Company to other member corporations other than China Coal Energy.

Net cash outflows generated from financing activities increased by RMB1.965 billion from RMB7.601 billion for the year ended 31 December 2018 to RMB9.566 billion, which was mainly attributable to the combined effect of the year-on-year decrease in the net debt facility of the Group, the year-on-year increase in dividends paid and the year-on-year decrease in consideration paid for business combination under common control.

IV. SOURCES OF CAPITAL

For the year ended 31 December 2019, 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 become 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.

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V. ASSETS AND LIABILITIES

(1) Property, plant and equipment

As at 31 December 2019, the net value of property, plant and equipment of the Group amounted to RMB129.998 billion, representing a net decrease of RMB2.084 billion or 1.6% as compared to RMB132.082 billion as at 31 December 2018, among which, the net value of buildings was RMB41.291 billion, accounting for 31.8%; that of mining structures was RMB24.523 billion, accounting for 18.9%; that of plant, machinery and equipment was RMB47.532 billion, accounting for 36.5%; that of construction in progress was RMB12.609 billion, accounting for 9.7%; and that of railways, transportation vehicles and other was RMB4.043 billion, accounting for 3.1%.

(2) Right-of-use assets

As at 31 December 2019, the net value of the Group's right-of-use assets was RMB434 million, which is the right-of-use assets as recognised by the Group from the rights to use the leased assets during the lease term under the IFRS 16 – Leases.

(3) Mining rights

As at 31 December 2019, the net value of the Group's mining rights amounted to RMB38.880 billion, representing a net increase of RMB3.327 billion or 9.4% as compared to RMB35.553 billion as at 31 December 2018, which was mainly because the mining rights are added to the proceeds from transfer of mining rights payable by the Group's coal producers in accordance with China's relevant policy.

(4) Investments in associates and joint ventures

As at 31 December 2019, the net value of the Group's investment in associates and joint ventures amounted to RMB24.177 billion, representing a net increase of RMB4.350 billion or 21.9% as compared to RMB19.827 billion as at 31 December 2018, which was mainly due to the combined effects of the Group's transfer of partial equity instruments at fair value through other comprehensive income to investments in associates, as well as the recognition of profits from associates and joint ventures by the Group, and the receipt of dividends declared from associates and joint ventures.

(5) Equity instruments at fair value through other comprehensive income

As at 31 December 2019, the net value of the Group's equity instruments at fair value through other comprehensive income amounted to RMB2.329 billion, representing a net decrease of RMB2.235 billion or 49.0% as compared to RMB4.564 billion as at 31 December 2018, which was mainly due to the Group's transfer of partial equity instruments at fair value through other comprehensive income to the investment in associates.

(6) Other non-current assets

As at 31 December 2019, the net value of other non-current assets of the Group was RMB10.733 billion, representing a net increase of RMB3.961 billion or 58.5% as compared with RMB6.772 billion as at 31 December 2018, which was mainly attributable to the increase in the loans provided by Finance Company to the members within the Group (other than China Coal Energy), and China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited was no longer included in the scope of consolidation and Pingshuo Group no longer offset its receivables.

(7) Trade receivables

As at 31 December 2019, the Group's net value of trade receivables amounted to RMB7.316 billion, representing a net increase of RMB2.435 billion or 49.9% as compared to RMB4.881 billion as at 31 December 2018, which was mainly due to the increment in the Group's revenue which increased the trade receivables within the settlement period accordingly.

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

As at 31 December 2019, the Group's net value of debt instruments at fair value through other comprehensive income was RMB6.897 billion, representing a net decrease of RMB3.092 billion or 31.0% as compared to RMB9.989 billion as at 31 December 2018, 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.

(9) Borrowings

As at 31 December 2019, the balance of borrowings of the Group amounted to RMB61.314 billion, representing a net decrease of RMB2.156 billion or 3.4% as compared with RMB63.470 billion as at 31 December 2018, among which, the balance of long-term borrowings (including long-term borrowings due within one year) was RMB57.048 billion, representing a net decrease of RMB114 million as compared to RMB57.162 billion as at 31 December 2018, and the balance of short-term borrowings amounted to RMB4.266 billion, representing a net decrease of RMB2.042 billion as compared to RMB6.308 billion as at 31 December 2018.

(10) Lease liabilities

As at 31 December 2019, the balance of lease liabilities of the Group (including lease liabilities due within one year) amounted to RMB504 million, which was mainly attributable to the Group having the present value of its lease payments outstanding recognised as lease liabilities under the IFRS 16 – Leases.

(11) Long-term bonds

As at 31 December 2019, the balance of the long-term bonds of the Group (including the portion due within one year) amounted to RMB32.926 billion, representing a net decrease of RMB965 million or 2.8% as compared to RMB33.891 billion as at 31 December 2018.

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

As at 31 December 2019, the net provision for close-down, restoration and environmental costs of the Group amounted to RMB3.247 billion, representing a net increase of RMB1.797 billion or 123.9% as compared to RMB1.450 billion as at 31 December 2018, which was mainly due to the fact that the Group's coal producers made provision for mine geological environment governance and restoration fund in accordance with relevant policies issued by the state, resulting in a corresponding increase in provision for close down, restoration and environmental costs.

(13) Other long-term liabilities

As at 31 December 2019, the other net long-term liabilities of the Group amounted to RMB4.002 billion, representing a net increase of RMB1.518 billion or 61.1% as compared to RMB2.484 billion as at 31 December 2018, which was mainly because the mining rights are added to the proceeds from transfer of mining rights payable by the Group's coal producers in accordance with China's relevant policy, and the Group classified part of the discounted income with payment period of over one year as other long-term liabilities.

VI. EQUITY

As at 31 December 2019, the equity of the Group was RMB117.221 billion, representing an increase of RMB6.721 billion or 6.1% from RMB110.50 billion as at 31 December 2018, among which, the equity attributable to the equity holders of the Company was RMB97.019 billion, representing an increase of RMB5.068 billion or 5.5% from RMB91.951 billion as at 31 December 2018. The items under the equity subject to significant change are analyzed as below:

(1) Reserves

As at 31 December 2019, the reserve of the Group was RMB47.083 billion, representing an increase of RMB778 million or 1.7% from RMB46.305 billion as at 31 December 2018, which was mainly because the Group made provision for the special fund and utilized the special fund as planned during the year, and the balance thereof resulted in the increase of RMB568 million in reserves and the increase of RMB428 million in appropriation to surplus reserve and the reserve for general risk.

(2) Retained earnings

As at 31 December 2019, the retained earnings of the Group was RMB36.678 billion, representing an increase of RMB4.290 billion or 13.2% from RMB32.388 billion as at 31 December 2018, which was mainly because of the Group's profit attributable to the equity holders of the Company for the year of RMB6.197 billion, the decrease of RMB1.034 billion for distribution of dividends in 2018, the decrease of RMB568 million for adjusted unutilized special fund provided by the Group for the year, and the decrease of RMB428 million for appropriation to 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 2019, the book value of the Group's charge of assets amounted to RMB2.257 billion, of which the book value of pledged assets was RMB456 million and the book value of mortgaged assets was RMB1.801 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.

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 2019, details of the corporate bonds issued by the Company are as follows:

Disclosures	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
1. Reason for issue	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.	To meet the needs of production and operation, and further optimize the debt structure.
2. Type of 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
4. Issue scale	RMB1.0 billion	RMB1.1 billion	RMB0.4 billion	RMB1.7 billion	RMB2.2 billion	RMB0.8 billion	RMB0.8 billion
5. Coupon rate	4.61%	4.85%	5.00%	4.90%	4.69%	4.89%	4.40%
6. 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
7. Issue object	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor	Qualified investor
8. 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 issuer's due bank loans.
(2) If the proceeds have not been utilized, 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

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
12 China Coal MTN1	50.00	5.12	7 years	19 September 2012	19 September 2019	Interest paid and principal paid on due date
13 China Coal MTN001	50.00	5.26	7 years	25 July 2013	25 July 2020	Interest paid while principal not due yet
13 China Coal MTN002	50.00	5.60	7 years	18 September 2013	18 September 2020	Interest paid while principal not due yet
14 Datun Energy MTN001	10.00	5.28	5 years	23 October 2014	23 October 2019	Interest paid and principal paid on due date
15 China Coal MTN001	100.00	4.95	7 years	18 June 2015	18 June 2022	Interest paid while principal not due yet
19 China Coal Energy MTN001	50.00	4.19	5+2 years	19 July 2019	19 July 2026	Interest not due yet
Total	310.00					

During the reporting period, the Company issued medium-term notes of RMB5.0 billion. As of 31 December 2019, the Group 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.

XII. CONTINGENT LIABILITIES

(1) Bank guarantees

As at 31 December 2019, the Group provided guarantees of RMB17.278 billion in total, of which guarantees of RMB13.108 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	500	28 March 2008	28 March 2008	20 December 2022	Joint and several liability	No	No	–	No	No	Other
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	10,325.5	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	Huajin Coking Coal Company Limited	9,981.10	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	Huajin Coking Coal Company Limited	1,500	21 November 2012	21 November 2012	20 November 2027	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	124,773.88	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	95,440.5	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	1,013,990.62	25 May 2016	25 May 2016	As per agreement	Joint and several liability	No	No	–	No	Yes	Associates
Shanghai Datun Energy Resources Company Limited	Controlled subsidiary	Fengpei Railway Company Limited	1,347.78	21 November 2013	21 November 2013	20 April 2024	Joint and several liability	No	Yes	216.78	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	19,500	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	Shaanxi Jingshen Railway Company Limited	28,400	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)	-164,036.06
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	1,310,759.38
guarantee provided by the Company and subsidiaries to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	-140,363.34
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	417,062.50
total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	1,727,821.88
Percentage of total guarantee to net assets of the Company (%)	17.8
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)	22,306.6
Excess amount of total guarantee over 50% of net assets (E)	–
Total amount of the above three categories (C+D+E)	22,306.6
Explanations on the possible joint and several liabilities for liquidation in respect of the outstanding guarantee	–
Explanations on the guarantee	–

(2) 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.

(3) Contingent legal liabilities

For the year ended 31 December 2019, 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

(1) 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
112,500	30,000	15,000	127,500

2. Specific project information

Unit: RMB10 thousand

Borrower	Entrusted loan amount	Term of loan	Interest rate of loan	Security or guarantor	Overdue or not	Whether it is a connected transaction	Whether there is an extension	Involved in litigation or not	Whether the source of funds is raised fund	Connected relationship	Expected return	Investment profit or loss
China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited	25,000	15 June 2018 to 14 June 2022	5.70%	Mechanical equipment and fixed assets	No	No	No	No	No	–	1,725	1,725
China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited	25,000	22 August 2018 to 30 May 2022	5.70%	Mechanical equipment and fixed assets	No	No	No	No	No	–	1,727	1,727
China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited	25,000	29 September 2018 to 30 May 2022	5.70%	Mechanical equipment and fixed assets	No	No	No	No	No	–	1,727	1,727
China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited	22,500	29 November 2018 to 30 May 2022	5.23%	Mechanical equipment and fixed assets	No	No	No	No	No	–	1,177	1,177
China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited	30,000	30 April 2019 to 30 April 2022	5.70%	Mechanical equipment and fixed assets	No	No	No	No	No	–	1,710	1,169
Total	127,500											

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2019

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. By focusing on the principal coal business and with the advanced technology for coal mining, washing and preparation of coal, comprehensive marketing and customer service networks, the Company's overall strength is at the leading edge in the coal industry. By optimising the industrial structure and vigorously developing new coal chemical operations, the Company has gained extensive experience in coal conversion, clean and efficient utilization, and the Company's facility operational efficiency and main econotechnical indicators have stayed ahead in the industry, with a distinct low-cost competitive advantage. By taking full superiorities of the professional expertise in coal mining equipment, the Company has diversified the product structure, strove to improve the quality of products and services to consolidate the market share and extend the industry value chains of coal.

(1) Coal Operations

1. Coal production

In 2019, under the complex and changeable domestic and overseas situations, the economic operations in China maintained a generally stable trend while making progress due to the continuous implementation of supply-side structural reform. By actively overcoming adverse factors, optimizing production continuity, fully releasing advanced production capacity, coal production enterprises made new breakthroughs in terms of coal output. Benefiting from the comprehensive optimization of the mining, transportation and discharging system, the increasing stripping efforts in open-cast coal mines, and the continuous optimization of the product structure, the coal output of Pingshuo Group steadily increased. By actively responding to issues such as the increasing difficulties of production organization and worsening geological conditions, and striving to strengthen system optimization, the coal output of Shanghai Energy Company generally remained stable. Through optimizing production layout and giving full play to effective production capacity, China Coal Huajin Company significantly improved its operating quality. By continuously strengthening production organization, striving to improve production efficiency, and giving play to advanced production capacity, Northwest Energy Company strived to achieve its production goal and take effect. During the reporting period, commercial coal output of the Company amounted to 101.84 million tonnes, of which thermal coal output was 91.45 million tonnes and coking coal output was 10.39 million tonnes.

Adhering to the concept of safety development, the Company strived to promote system optimization, equipment upgrading, quality improvement and management improvement, comprehensively improved safety assurance capabilities, effectively prevented and resolved major safety risks. As a result, the Company realized favorable results in safety production, achieved in general safety production and the zero mortality rate of per million tonnes in coal mines.

Adhering to the development direction of “safety, efficiency, green development, and intelligent production”, the Company vigorously increased the research and development efforts, strived to break through key core technologies, continuously enhanced innovation capacity building, and promoted high-quality development of enterprises. Driving the improvement of the quality and efficiency of coal production with technology innovation, the Company has achieved the close integration of technology and production through the intelligentization of mining technology and innovation research and development of equipments. During the reporting period, raw coal productivity of the Company was 34.9 tonnes per worker-shift, maintaining a leading level in the coal industry.

2. Coal sales

In 2019, the Company adopted several measures to further consolidate the results of marketing reconstruction, including optimizing the nationwide network layout, broadening resource channels, increasing market share, promoting production and sales coordination, strengthening marketing supervision, innovating marketing models, and vigorously enhancing China Coal Energy’s brand advantages, market power and influence, which resulted in a historical height in coal sales. The cumulative sales volume of commercial coal for the year was 231.28 million tonnes, representing a year-on-year increase of 38.6%.

Closely focusing on the requirements of multi-platform construction and high-quality development, the purchased coal business of the Company concentrated on “broadening channels, enlarging scale, improving quality and ensuring compliance”, strived to optimize connections and standardize operations, took efforts to make the northern port purchasing platform larger and stronger, continuously promoted the construction of metallurgical coal purchasing platforms, imported coal purchasing platforms, direct purchasing, source purchasing and riverside purchasing platforms, deepened supply-demand cooperation, cultivated high-quality suppliers, and consolidated the trade coal scale foundation of hundreds of million tonnes. During the whole year, the sales volume of proprietary coal trading reached 121.27 million tonnes, representing a year-on-year increase of 45.1%.

Unit: 10 thousand tonnes

Sales volume of commercial coal			**2019**	2018	Change (%)
(I)	**Domestic sales of self-produced coal**		**10,176**	7,661	32.8
	By region:	North China	**2,839**	2,119	34.0
		East China	**3,856**	3,407	13.2
		South China	**1,011**	926	9.2
		Others	**2,470**	1,209	104.3
	By coal type:	Thermal coal	**9,143**	6,786	34.7
		Coking coal	**1,033**	875	18.1
(II)	**Self-produced coal export**		**19**	6	216.7
	By region:	Taiwan, China	**19**	6	216.7
	By coal type:	Thermal coal	**19**	6	216.7
(III)	**Proprietary trading**		**12,127**	8,360	45.1
	Of which:	Domestic resale	**11,984**	8,305	44.3
		Self-operated exports	**35**	27	29.6
		Import trading	**108**	28	285.7
		Transit trading	**–**	–	–
(IV)	**Agency sales**		**806**	658	22.5
	Of which:	Import agency	**139**	40	247.5
		Export agency	**156**	238	-34.5
		Domestic agency	**511**	380	34.5
Total			**23,128**	16,685	38.6

3. *Coal Reserve*

Unit: 100 million tonnes

Major mining areas	**Resource reserve**	**Recoverable reserve**
Shanxi	75.9	40.76
Inner Mongolia-Shaanxi	140.5	89.36
Jiangsu	7.36	2.61
Xinjiang	6.56	3.86
Heilongjiang	3.09	1.36
Total	233.41	137.95

Coal type	**Resource reserve**	**Recoverable reserve**
Thermal coal	195.49	119.8
Coking coal	34.72	16.31
Anthractie	3.2	1.84
Total	233.41	137.95

During the year, the Company verified to decrease the resource reserve by 147 million tonnes (several coal mines have been reassessed regarding to mineral resources and reserves) and utilised 160 million tonnes of resource reserve. As at the end of 2019, the Company had coal resource reserve of 23.341 billion tonnes with mining rights and recoverable reserve of 13.795 billion tonnes in accordance with the mining standards of the PRC.

(2) Coal Chemical Operations

In view of the challenging safe production conditions regarding to coal chemicals across the country, the Company closely focused on the investigation and treatment of hidden hazards, strengthened safety risk control, increased inspecting and equipment-monitoring efforts, comprehensively promoted the process safety management measures, and consolidated the foundation for safe production. Moreover, the Company continued to maintain the stable operation of equipment production, benchmarked the advanced level of the industry, and strived to increase the output and comprehensive benefits of coal chemical products, which effectively ensured the achievement of the production targets in coal chemicals segment.

Facing the continued downward market pressure, the Company paid close attention to market changes, endeavored to explore new marketing models, optimized the market layout, accurately kept pace with sales, strengthened the connection of production, transportation and sales, and continuously increased market share and enhanced the brand influence of China Coal Energy. Meanwhile, the Company further improved the logistics system layout, strengthened refined logistics management, continuously enhanced cost control, and improved cargo delivery capabilities. The Company expanded the scale of internal procurement and supply of methanol products, continuously reduced the cost of polyolefin products, and enhanced the profitability by taking full advantage of the location coordination of affiliated enterprises and the synergy effect of industry value chains. During the year, the accumulated sales volume of polyolefin, urea and methanol amounted to 1.450 million tonnes, 2.291 million tonnes and 958,000 tonnes, respectively.

Unit: 10 thousand tonnes

Production and sales volume of self-produced coal chemical products	**2019**	2018	Change (%)
(I) Polyolefin			
1. Polyethylene: Production volume	**74.5**	74.1	0.5
Sales volume	**75.2**	74.4	1.1
2. Polypropylene: Production volume	**70.8**	71.9	-1.5
Sales volume	**69.8**	72.3	-3.5
(II) Urea			
1. Production volume	**199.1**	185.6	7.3
2. Sales volume	**229.1**	192.9	18.8
(III) Methanol			
1. Production volume	**94.6**	72.2	31.0
2. Sales volume	**95.8**	71.9	33.2

Notes: The methanol sales volume of the Company includes internal consumption volume.

(3) Coal Mining Equipment Operations

The Company tightly grasped market opportunities and the opportunities brought by the national policy of "going out", adhered to the marketing strategy of equal importance of coal machine business and non-coal machine business, and focusing on accessories and services. The Company paid close attention to key users, key projects and major needs, grabbed effective contracts through various measures such as market expansion, service transformation, and innovation-driven development. The cumulative contracted amount for 2019 increased by 14.8% year-on-year. The Company actively promoted technological innovation, continuously strengthened the integration of technological innovation and the physical industry, and focused on intelligent logistics technology equipment, environment-friendly clean technology equipment, new energy technology equipment, and tourism health industry technology equipment to cultivate new momentum for growth. The revenue from accessories and non-coal business accounted for 38.8%. The Company further optimized the production organization, innovated production management, sped up the production pace, so as to achieve short cycle and rapid output, effectively releasing production capacity, and meeting users' needs with every effort. The cumulative output value of coal mining equipment for the year amounted to RMB8.15 billion, representing a year-on-year increase of 17.3%.

Unit: RMB100 million

	Production value			Sales revenue	
Coal mining equipment	**2019**	2018	Change(%)	**2019**	Percentage of sales revenue of the coal mining equipment segment (%)
Main conveyor products	**34.9**	32.5	7.4	**34.5**	41.7
Main support products	**28.5**	22.8	25.0	**27.3**	33.0
Others	**18.1**	14.2	27.5	**20.9**	25.3
Total	**81.5**	69.5	17.3	**82.7**	–

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 leveraged on the specialized functions of financial services, value creation and risk management of Finance Company, so as to push forward development of the Company with high quality. The Company gave full play to the efficiency and effectiveness of intensive capital, strengthened the intensive cultivation of interbank deposits, closely tracked, timely and accurately analysed interest rate trend of the market, and dynamically optimized and adjusted the interbank deposit allocation strategy in a timely manner. During the reporting period, the Company recorded an interest income from interbank deposits of RMB600 million, representing a year-on-year increase of 28.3%. At the end of the reporting period, the Company recorded an interbank deposit placed in commercial banks of RMB16.94 billion. Finance Company continuously dig deep into the Company's internal financial requirements, kept innovating digital financial platform functions and financial service means in order to improve its financial service capability. During the reporting period, more than 1,300 bills were discounted, with a discount amount of RMB6.36 billion. At the end of the reporting period, deposits absorbed amounted to RMB28.58 billion and the self-operated loans amounted to RMB13.15 billion, all hitting the highest level in history over the same period.

Unit: RMB100 million

Financial operations (RMB100 million)	**2019**	2018	Change (%)
Scale of deposits absorbed	**285.8**	243.3	17.5
Placement of interbank deposits	**169.4**	157.9	7.3
Scale of self-operated loans	**131.5**	108.0	21.8

(5) Synergy among Business Segments

The Company fully capitalised on the advantages of industry value chains, stabilised its traditional principal business, optimised the layout of industry structure, and promoted the transformation and upgrade of enterprises to continuously enhance synergetic development among the business segments. During the reporting period, the power plants and chemical enterprises of the Company jointly promoted clean utilisation and conversion of coal, and consumed 6.61 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 3.35 million tonnes of coal from surrounding coal mines. The coal mining equipment business segment achieved internal product sales and services revenue of RMB1.2 billion, representing 14.5% of the total sales revenue of the segment.

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 and Xinjiang, 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 coking coal 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 been put into operation, and Xiaohuigou Coal Mine and No.106 Coal Mine have been completed and delivered after inspection. 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 industrial 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 optimisation, and strives to establish a new circular economic business line for coal, power, chemical, etc. In terms of coal chemical business, the Company's coal-based olefin project constructed in Shaanxi, coal-based fertiliser project and coal-based engineering plastics project constructed in Inner Mongolia have maintained the operating situation of "work safety, stable production, long period operation, fully-loaded operation and producing quality products" for years, and the indicator of unit consumption and a number of other indicators are at the forefront of the industry; Project of Annual Methanol Output of 1 Million Tonnes from Synthetic Gas located in Inner Mongolia is progressing steadily, which will supply methanol for the engineering plastics project in Inner Mongolia 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 in Shanghai Energy Company and the Project of the Second Power Plant 2×660MW located in the north of Wucai Bay, Zhundong, Xinjiang have been formally combined to the grid.

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.

The Company is the national and even the world's only large-scale energy enterprise, 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 value chain for coal business.

The Company insisted on innovation-driven growth and became the leader of the industry. The Company established equipment research institutes, constructed gas treatment centres as well as rock burst prevention and water control research centres in its mining areas, and witnessed a significant boost to its technology R&D capabilities. As a result, the Company has made major breakthroughs in a series of key technologies, achieved success in green coal mining, intelligent development and low-cost mining. The Company steadily advanced the development of new coal chemical products and established a solid foundation for enterprises to reduce their energy consumption and expand their market. The Company also aimed at smart, high-end and coal-free development for coal machinery equipment, meeting market demands as well as development needs of corporate transformation, 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 management, significantly lowers the costs and increases the productivity and operating efficiency. By being committed to building the “harmony” cultural concept, creating “harmony” cultural atmosphere and promoting construction of the “harmony” culture of “respect and inclusion, trust and support, united minds and actions, 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 firmed the confidence of 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 value chain. The Company has promoted a shift of development model from a scale and speed-oriented extensive growth model to a quality and efficiency-focused intensive model, thus continuously improving its core competitiveness. The Company has vigorously pushed forward quality enhancement, cost reduction and efficiency improvement so as to maintain a sound financial structure and enhance risk resistance capability, thus laying a solid foundation for promoting high-quality development of the Company.

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

In recent years, with the deepening of supply-side structural reform for coal, the rapid release of high-quality coal production capacity, the continuous improvement of production capacity and the slowdown in the growth trend of coal demand, the coal supply and demand situation will comprehensively become periodical loose, and competition in the coal market will become fiercer.

From the perspective of policy environment, China successively issued various documents on the coal industry with clear policy-oriented and promoted comprehensively the construction of the system for coal production, transportation, sales and storage, which led to coal prices maintain stable and fluctuate within a reasonable range in the long run. From the perspective of coal enterprises, a better understanding on the supply-side structural reform has been obtained. With the orderly advancement of capacity replacement, reduction and restructuring, coal enterprises have been strengthening their efforts on reform and renovation transformation and upgrading. The resources of the coal industry are expected to accumulate to superior enterprises. Therefore, the concentration and specialisation of the industry will be gradually enhanced and the industrial structure will develop towards medium and high ends.

The principal coal business of the Company has distinctive scale advantages with its leading coal mining technologies, washing and preparation techniques, production efficiency, cost control and marketing network in the industry. For the past few years, the Company has tried its best to promote structural transformation and upgrading, so that the coal chemical business has expanded gradually, the product structure has become diversified and the market layout has been optimised continuously. In addition, the profitability has increased steadily and the management and control level of the coal chemical operations has reached a new level. In 2019, the Company organised production scientifically, explored the market actively, tapped potential and improved efficiency vigorously. The operational quality was enhanced gradually and the total profit increased significantly. By leveraging on its own advantages, the Company will firmly advance structure adjustment and transformation and upgrading, so as to become a world first-class leading clean energy supplier and integrated energy service provider with global competitiveness.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

2020 is the ending year of the "13th Five-Year Plan". China now is in the tackling phase of transforming development patterns, optimizing economic structure, and transforming growth power. Structural, institutional, and cyclical issues are intertwined, and economic downward pressure is increasing. However, coal is still the main energy source of China, while economic growth will still drive the demand for coal. With adjustment of China's energy structure and the gradually emerging effects of long-term agreed pricing mechanism in the industry, coal prices are not expected to fluctuate significantly.

Improving the quality of the supply system is the fundamental guiding ideology for the future development of the coal industry. According to statistics of the China National Coal Association, the number of coal mines in China has been reduced from 10,800 in early 2015 to around 5,700 at present. Over the past three years, the accumulated de-capacity of coal has reached more than 800 million tonnes. With the full completion of the de-capacity of coal task, the quality of the domestic coal supply system is expected to be further optimized.

With the rapid release of high-quality coal production capacity, the modest expansion of railway transportation capacity, and the slowdown in the growth of coal demand, the domestic coal supply and demand situation will shift from a general balance to a periodical loose in 2020. Coal consumption still accounts for a large proportion of China's total energy consumption, and coal will continue to play a dominant role during a pretty long period. However, with the continuous strengthening of double energy control, constant decreasing of domestic energy consumption, further optimization of energy consumption structure, stricter constraints on ecological and environmental protection and continuous improvement of social energy conservation, the growth of coal consumption demand will likely slow down gradually in the future. The long-term development of the coal industry will depend on improving the quality of production capacity and achieving transformation and upgrading.

The new coal chemical industry closely related to the coal industry has a bright development prospect. China continues to strengthen safety supervision and environment protection monitoring, the industrial layout is optimizing continuously and the domestic urea is facing a new round of de-capacity and production limit policies for environment protection purpose, which will lead to the domestic supply and demand of urea in a tight balance in 2020, and will continuously push forward the supply-side reform of chemical fertilisers and traditional chemical industries, imposing a positive impact on the prices of products such as chemical fertilisers. As the production capacity of polyolefins continues to increase and the demand growth slows down, competition in general products industry becomes more intensive, but high-end products and customized products still have a lot of room for development, which can stabilize the price of polyolefins.

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2020

In 2019, the Company firmly focused on the annual production and operation targets, scientifically organised production, strengthened the coordination between production and sales, optimised product structure, enhanced product quality, strived to improve quality and efficiency, and recorded good operation results. The Company overcame difficulties, such as difficult organisation of coal production and coal chemical shutdown for overhaul, overcame challenges of restricted output for environment protection purpose, surpassed its annual production targets and completed its operation plans ahead of schedule, with a commercial coal output of 101.84 million tonnes; sales volume of self-produced commercial coal of 101.95 million tonnes; polyolefin output of 1.453 million tonnes and polyolefin sales volume of 1.450 million tonnes; urea output of 1.991 million tonnes and urea sales volume of 2.291 million tonnes. The Company recorded an operating revenue of RMB129.3 billion, representing a year-on-year increase of 24.2%. The unit cost of sales of self-produced commercial coal amounted to RMB333.03/tonne, representing a year-on-year increase of RMB8.58/tonne. The profit before income tax reached RMB13.02 billion, representing a year-on-year increase of 31.2%.

In 2020, supply-side structural reform remains the Company's centerpiece. In accordance with the requirements for high-quality development and following the work ideas of "improvement amid stability with reform and innovation", the Company will aim to make coordinated efforts to ensure security, stabilize growth, adjust structure, promote reform, stimulate innovation, improve efficiency and prevent risks. 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 be more than 96.00 million tonnes, more than 1.36 million tonnes and more than 1.85 million tonnes, respectively; with an aim to achieve overall stability of the operating revenue, the Company will continue to increase efforts to reduce costs and increase efficiency, and control the unit selling cost of self-produced commercial coal. In addition, the Company will exercise strict control on expenses and strived to maintain good profitability. The Company will focus on the following tasks:

Firstly, the Company will scientifically organise coal production to ensure high yields and efficiency. Moreover, the Company will enhance the management of the coal chemical operations, striving to achieve safe and stable operation. The Company will further consolidate the reconstructing achievements of marketing system, spare no effort to explore market demands to stabilise market base, in a bid to promote corporate capabilities in creating income and benefits.

Secondly, the Company will stick to the safety red line, allocate and implement the work safety responsibility, improve the safety guarantee capability, stress on-site safety management, and highlight safety control focuses in order to comprehensively improve the safety quality and resolutely ensure work safety.

Thirdly, the Company will continue to strengthen refined management, vigorously reduce cost and improve efficiency and quality, strictly focus on cost control, and comprehensively promote operational quality.

Fourthly, the Company will strive to accelerate preliminary work of projects and firmly advance construction of key projects. Building on the advantages of industrial synergy and professional management, the Company will continue to promote structural adjustment, transformation and upgrading.

Fifthly, the Company will comprehensively deepen reforms of the enterprise, do a solid job in the Three System Reforms in labor, personnel and distribution, improve positive incentive system creatively, and encourage the enterprise to reform endogenous power. The Company will optimise the management and control mode and organisation structure, and set up a more market-oriented mechanism to increase the developing vitality of the enterprise.

Sixthly, the Company will focus on strengthening the development of innovation capacity, enhance innovation in technology, mechanism, management and commercial mode, and drive industrial adjustment, transformation and upgrading to enhance enterprise development momentum.

Seventhly, the Company will deepen the implementation of the Strategy of Developing Enterprise by Talent Management to optimise the structure of talent team, improve the employee quality, and refine the incentive mechanism to vigorously create a good growth environment for talents and provide talent assurance for the development of the Company.

Eighthly, the Company will continue to enhance foreign investment management, optimise management system, intensify supervision and focus on enhancing value management standard to strive to improve the enterprise economic benefit.

Ninthly, the Company will adhere to the problem-oriented, target-oriented and result-oriented strategy, and will actively response to economic downward pressure and effectively defuse market risks. The Company will strengthen all work related to ecological environmental protection, resolutely win the battle against pollution prevention, manage and control environmental protection risk effectively, and strive to forestall and defuse other major risks to ensure the stable and healthy development of the Company.

Given the current increasing economic downward pressure, the uncertainty and the existence of unstable factors in production and market of coal and coal chemical industry, 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".

Business Performance

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 preserving water resources while mining, mining without coal pillars, mining without roadways, “short charge and long 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 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 2019, 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 efficiency, water measuring, construction along coal mines, and concentrated 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 smart factory have reached an advanced level within the industry. By scientifically planning the utilization issue of water resources in mining areas located in the Ordos region, the Company has built a number of primary, medium and deep treatment facilities and ancillary water transportation pipe network for mine water to a high standard in accordance with the “Three Simultaneities” requirements of project construction progress and environmental protection, building a four in one recycling system for water resources 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 discharge of mine water and reuse of coal-chemicals, which became a unique feature of China Coal.

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 most 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 comprehensive upgrading on energy conservation and emission reduction and the modification for ultralow emission at coal-fired power plants. All the Company’s utility coal power plants have achieved ultra-low emission, and the emissions of major pollutants such as soot, sulfur dioxide and nitrogen oxides have been greatly reduced.

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

In addition, the provisions of other relevant laws and regulations may also apply to the Company, for example, the Labour Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the 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 Group 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 Group's overall target. Therefore, suggestions and opinions of our staffs and staff representatives are heard by the Group via various channels, such as the employees' representative conference, employee satisfaction surveys and forums, etc., which enable the Group to offer occupational training, better working environment and conditions, and provide long-term career prospects correspondingly. The Group attaches high importance to the selection of suppliers, and intends to establish a long-term partnership with high-quality suppliers who will be selected through tendering and other methods at arm's length for mutual benefit. In order to strengthen the Group's core competitiveness, the Group upholds a "customer-centric, market-oriented" marketing concept, and keeps itself informed of customers' needs instantly through service hotline, after-sale service, seminars and regular visits, thus providing quality and personalised products and services to customers. For the year ended 31 December 2019, the Group did not have any substantial disputes with its suppliers and/or clients.

Capital Expenditure

I. PERFORMANCE OF CAPITAL EXPENDITURE BUDGETED FOR 2019

(1) Capital Expenditure

In 2019, the Company's capital expenditure budget closely focused on four major business segments, namely coal, coal chemical, power generation and coal mining equipment, and consisted of four categories, including infrastructure projects, procurement and maintenance of fixed assets, equity investment and other capital expenditures. The total capital expenditure budgeted for 2019 was RMB14.610 billion, of which RMB13.238 billion or 90.61% was invested during the reporting period.

Performance of Capital Expenditure Budgeted for 2019 (By Item)

Unit：RMB100 million

Items of capital expenditure	Actual investment in 2019	Budgeted investment in 2019	Investment percentage (%)
Total	**132.38**	146.10	90.61
Infrastructure projects	**103.90**	114.19	90.99
Procurement and maintenance of fixed assets	**22.75**	27.20	83.64
Equity investment	**2.99**	2.67	111.99
Other capital expenditures	**2.74**	2.03	134.98

Performance of Capital Expenditure Budgeted for 2019 (By Business Segment)

Unit：RMB100 million

Business segment	Actual investment in 2019	Budgeted investment in 2019	Investment percentage (%)
Total	**132.38**	146.10	90.61
Coal	**90.06**	94.35	95.45
Coal chemical	**21.56**	27.76	77.67
Power generation	**19.58**	21.60	90.65
Coal mining equipment	**0.86**	2.04	42.16
other	**0.32**	0.36	88.89

(2) Progress of Key Projects

With a total investment of RMB3.698 billion, Shanxi Xiaohuigou Coal Mine Project was designed to have a capacity of 3 million tonnes/year. In 2019, the investment was RMB616 million, with the cumulative investment of RMB3.222 billion. The project has been completed and put into operation.

Capital Expenditure

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 2019, the investment was RMB2.601 billion, with the cumulative investment of RMB6.256 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 2019, the investment was RMB412 million, with the cumulative investment of RMB1.165 billion. The project has been granted approval and has obtained mining rights licenses. Currently, the project is under construction.

With a total investment of RMB6.773 billion, the new 2×660MW low calorific value coal power project of Pingshuo Group was designed to have a capacity of 2×660MW. In 2019, the investment was RMB1.418 billion, with cumulative investment of RMB5.103 billion. The project has been granted approval and completed its construction basically at present. The project belongs to China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited. In order to deepen the energy cooperation between Jiangsu province and Shanxi province, Pinshuo Group, a subsidiary of the Company, made capital contribution to 15% equity interests in Sujin Energy Holding Company Limited (which mainly involves in businesses such as the investment and operation of Yanhuai DC Matching Power Points Project and purchase and sales of electricity) by injecting its 51% equity interests in China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited. As such, China Coal Pingshuo No.1 Coal Gangue Power Generation Company Limited, to which the project belongs to, was no longer included in the consolidation of the Company.

With a total investment of RMB4.725 billion, the project of Second Power Plant located in the north of Wucai Bay, Zhundong, Xinjiang was designed to have a capacity of 2×660MW. In 2019, the investment was RMB188 million, with the cumulative investment of RMB4.350 billion. The project has been granted approval and is integrated into the power grid currently.

With a total investment of RMB3.377 billion, the 2×350MW thermal power project of Shanghai Energy Company was designed to have a capacity of 2×350MW. In 2019, the investment was RMB305 million, with the cumulative investment of RMB3.086 billion. The project has been granted approval and is integrated into the power grid currently.

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 2019, the investment was RMB1.910 billion, with cumulative investment amounting to RMB2.453 billion. The project filing was completed. Currently, the project is under construction.

II. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2020

The Company will continue to adhere to the overall working principles of "making progress amid stability with reform and innovation" with respect to its capital expenditure plan in 2020. Furthermore, the Company will closely focus on structural adjustment as well as transformation and upgrading, and promote quality development. Considering the current balance sheet, financial position and financing capability, the Company directed its investment primarily to coal, coal chemical and power generation industries in accordance with the principles of focusing on main duties and business, maintaining a moderate scale, observing laws and regulations and made stringent and tightened arrangements.

The Company's capital expenditure budgeted for 2020 is RMB13.666 billion, representing a decrease of RMB944 million or 6.46% as compared with that of 2019. Out of the capital expenditure budget stated above, RMB10.078 billion will be invested in infrastructure projects; RMB2.776 billion will be invested in the procurement of fixed assets, small scale construction, renovation and maintenance; RMB312 million will be invested in equity investment; and RMB500 million will be invested in other capital expenditures.

Capital expenditure budget by business segment:

Unit: RMB100 million

Business segment	**Budgeted investment in 2020**	Actual investment in 2019	Increase/decrease in capital expenditure budget in 2020 compared with actual investment in 2019 (%)	Percentage of total (%)
Total	**136.66**	132.38	3.23	100.00
Coal	**103.83**	90.06	15.29	75.98
Coal chemical	**26.72**	21.56	23.93	19.55
Power generation	**3.60**	19.58	-81.61	2.63
Coal mining equipment	**2.13**	0.86	147.67	1.56
other	**0.38**	0.32	18.75	0.28

The major equity investment projects in 2020 include payment for integrating local coal mines in Pingshuo East Open Pit Mine, acquisition of the 20% equity interest of SDIC Jincheng Energy and capital injection to the Second Power Plant located in the north of Wucai Bay in Zhundong. The investment made and were counted in infrastructure projects and then assets are valued as shares in the current year or previous years, such as equity participation in Sujin Energy Holding Co., Ltd, shall not be accounted for under this item.

In 2020, the Company will arrange reasonable scale and pace of financing according to the needs of production and operation, and the budgeted capital expenditure. Detailed arrangements will be made with reference to the actual conditions of the Company.

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

Capital Expenditure

Ⅲ. CORPORATE DEVELOPMENT STRATEGY

Mid-and-long-term Development Strategy is as follow: The Company will aim to build up its position as a 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 utilization and a practitioner of providing high quality services, and to maximize the interests of enterprise and the employees, the Shareholders and the society.

Development Direction is as follow: 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, customized 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 5 key development concepts of innovation, coordination, green, openness and sharing.

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 richness 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 realize 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 most advanced coal gasification technology and energy saving and environmental protection standard 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, so as 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 realize the transformation from traditional coal chemical to modern refined coal chemical.

Capital Expenditure

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 mine 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.

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 and 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 localization of leading technology and equipment and the internalization 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.

Development Goal is as follows: The Company will strengthen and optimize major business segments through internal growth and external expansion. The Company will increase the scale of operation each year and remain sound profitability to gradually form a development pattern with significant economies of scale of major business segments, significant 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 an integrated energy service provider.

Technological Innovations

In 2019, China Coal Energy continued to increase inputs into technology research and development (R&D) focusing on making breakthroughs in core technologies, strengthened the construction of research institutes and enhanced the R&D capacity, and pushed forward business upgrade driven by the "mass entrepreneurship and innovation" (MEI) campaign. New growth drivers have been developed at an accelerating pace to create sustainable competitive advantages and strived to open up new prospects in science and technology development.

1. CONTINUOUSLY INCREASE TECHNOLOGY R&D INPUTS, AND STEP UP RESEARCH OF CORE TECHNOLOGIES WITH POSITIVE RESULTS ACHIEVED

The Company invested a total of RMB1.232 billion in R&D operations, representing a year-on-year increase of RMB297 million or 31.76%. The average investment ratio for coal production and equipment technologies exceeded 3%. Efforts were made to ratchet up core technology R&D, and effectively implement the Company's 34 key science and technology projects with more than 20 major research findings and achievements were attained, which effectively promoted work safety, reduced costs and increased efficiency, and promoted transformation and development.

Firstly, the Company conducted research revolving around coal mining safety and efficiency to tackle major technical issues such as coal and gas outburst, ground pressure, mine water inrush, and ultra-low ecological damage, and improve the safety technology level of coal mines. Through the introduction of the "Rapid tunneling technology of coal roadway under deep complicated geological conditions", the distance between anchor bolt support has been increased to 1.2m in Shanghai Energy Company, resulting in a saving of more than 30% of materials and an increase of 30% in the installation speed relative to conventional support methods. The Hulusu Coal Mine of Zhongtian Synergetic Company built China's deepest feed well with the largest coal gangue backfilling input volume, and carried out the new technology of gangue filling model and filling support for solving coal mine rockburst. Findings of the "Research on Mine Water Control Technology in Inner Mongolia and Shaanxi" and "Research on Coal and Water Co-mining and Mine Water Resource Utilization in Deep Mines in Inner Mongolia and Shaanxi" were applied by Northwest Energy Company and Zhongtian Synergetic Company, improving the accuracy of mine water gushing prediction to more than 75%, and that of working-face water gushing prediction to more than 85%. The "Oil and Gas Well Disaster Forecast and Control at the Hecaogou Coal Mine" program provided a solution to eliminate potential safety hazards caused by abandoned oil and gas wells at the Hecaogou Coal Mine of China Coal Shaanxi Company, defining the research direction for the technology of disaster prevention and control during the mining process of oil and gas wells near working face.

Secondly, the Company strengthened R&D of key technologies in the coal chemical industry to upgrade the coal chemical technologies and improve quality and efficiency. The "Research on Clean and Efficient Utilization of Fluidized Bed Pyrolysis Coal" enabled the China Coal Shaanxi Company to implement a new process of extracting oil and gas from raw coal and fuel coal, and the research findings led to an increase of nearly 20% in the added value of some 4 million tonnes of pulverized coal each year, creating new drivers of economic growth. The "System Diagnosis and Optimization Technology" improved the operation stability and efficiency of the facilities of China Coal Yuanxing Company, ensuring the optimal and stable operation of methanol device with an annual capacity of 600,000 tonnes over a long period of time. Through the adoption of the "Technology of Cryogenic Recovery for Hydrogen of Methane in Olefin Separator", Mengda Company registered RMB13 million in annual earnings generated from efficient recovery of heavy components in methane hydrogen tail gas.

Thirdly, the Company drove technical upgrade and market-oriented transformation of the high-and-mid-end coal mining equipment business through intensive research into the development of automated, "flexible manpower" and unmanned coal mining equipment. Automation and flexible manpower technology research and applications were conducted for large-scale mining of rockburst-prone coal seams at working face 3103 of the Menkeqing coal mine, and "push-button start/stop" and remote monitoring and video surveillance were realized on all working-face mining equipment. The maximum output per shift reached 10,000 tonnes, outranking most other mines with similar conditions. During the implementation of the program of "Development and Applications of Intelligent Energy-saving Transmission and Conveying System of Permanent Magnet Frequency Conversion in Coal Mines", the Company completed the design and prototyping of a 525kw direct replacement high speed permanent magnet motor, marking the first application of the permanent magnet motor on scraper conveyors. Following the implementation of the "Automated and Fully Mechanized Top Coal Caving Conveying System Technology and Complete Equipment", the conveying capacity of the entire conveyor system reached 7,000 – 8,000 t/h, and the annual production capacity reached 20 million tonnes. Thus far, the Company has achieved fully localised production of high-end high-power scraper conveyors and high-resistance hydraulic supports for coal mining machines, and developed the domestic leading 8.8-meter extra-large mining height hydraulic support.

2. CONTINUOUSLY BUILD ON INNOVATION CAPACITIES, AND UPGRADE THE MEI CAMPAIGN

China Coal Equipment Research Institute stepped up efforts to establish and develop R&D institutions, recruited staff for R&D and management, set up a market-based remuneration distribution mechanism, and accelerated industrial technology R&D activities to inject fresh momentum into high-quality innovation and entrepreneurial initiatives. China Coal Zhangjiakou Coal Mining Machinery Company successfully held a promotional conference at the MEI demonstration base, with the aim of tapping into the stimulatory effects of the base to deepen mass entrepreneurship and innovation and integrate technology innovation with commercialization of research findings, promote the innovation and reform of the innovation management model and incentive mechanisms, consolidate and build on the competitiveness of the coal-based industrial clusters, and facilitate optimization and upgrading of the industrial structure. The Company strived to push forward development of the MEI demonstration base, promote the development of the MEI demonstration base at Shanghai Energy Company, and explore various means of establishing MEI demonstration bases oriented toward the transformation and development of resource-exhausted enterprises. The MEI demonstration base at China Coal Huajin Company gives priority to research on safe, eco-friendly and automated mining technologies, and mining automation has been achieved across-the-board at the Wangjialing and Yaping Coal Mines. The MEI demonstration base at China Coal Zhangjiakou Coal Mining Machinery Company carried out 178 innovation projects, with the new-product contribution rate exceeding 50%. The MEI demonstration base at China Coal Shaanxi Company has made considerable headway in resolving difficulties, tackling major bottleneck issues, reducing energy consumption and improving the standards of relevant operations. The new diene process developed at the base slashes unit methanol consumption to 3.004 tonnes/tonne (the lowest level of all similar processes in China), resulting in an annual earning of RMB50 million. The mixing combustion technology with gasified and biochemical sludge offers an effective solution to the disposal of biochemical sludge produced by public utilities, with a yearly saving of RMB61.85 million. The coal slurry concentration technology developed and applied at the base increases coal slurry concentration by more than 3.8% and reduces carbon dioxide emissions by 140,900 tonnes/year, resulting in an annual earning of RMB152 million.

During the year, the Company won 20 industrial technology progress awards, with 177 patents granted.

Investor Relations

In 2019, China Coal Energy, remaining true to its original aspiration and keeping its missions firmly, continued to actively optimize investor relations and expand maintenance channels of investor relations. The Company kept timely and sufficient communications with its domestic and overseas investors as well as industry analysts through various channels including presentations of results, non-deal road-shows, investment forums, routine visits and telephone conferences, and held 90 investor meetings of various kinds with 936 attendees in total. These activities included 24 presentations of annual results and road-show meetings, quarterly report and interim result telephone conferences with 441 attendees in total, 46 day-to-day receptions of investor visits and telephone conferences with 272 attendees, and investment forums organised by domestic and overseas securities firms with 20 meetings and 223 attendees.

The first is paying great attention to the maintenance of investor relations. The management of the Company attended the press conference of annual results in person, delivered a detailed briefing about the latest business results of the Company to the media and coal industry analysts, patiently answered the relevant questions, and achieved positive effects of communication. After the press conferences on corporate results, the Company held non-deal road-shows, visited important Shareholders and potential institutional investors, respectively, conducted communication in-depth with investors on key issues they concerned, which helped to deepen the capital market's understanding of the Company. The Company held routine telephone briefings for holders of A Shares and H Shares, respectively upon the release of the 2019 first quarterly report, interim report and third quarterly report, introduced the Company's production and operation situations to investors at home and abroad, and responded to their main concerns on time and efficiently. The Company continued to arrange the reception of investor's on-site visits, answer visitors' queries earnestly and candidly, which greatly enhanced the investors' understanding of the Company.

The second is strengthening interactive communication with institutional investors. The Company actively participated in various investment forums held by domestic and overseas investment banks and securities companies, communicated with numerous investors in various modes including one-to-one and one-to-many communications with respect to, among others, the national macroeconomic trend, industry development outlook and corporate operational fundamentals in order to continuously improve the transparency of the Company.

The third is emphasizing on the application of communication channels. Investor relations column which has been established on the Company Website not only provides statutory information disclosure contents such as annual reports, interim reports, quarterly reports and announcements of major events of the Company, but also voluntarily discloses monthly productive and operational data so as to satisfy the needs of investors as much as possible. Through the E-interactive Platform of the Shanghai Stock Exchange, the Company continued to respond to the public about their questions related to the Company's development strategies, business operations, etc., which amounted to a total of 119 questions. The Company also appointed dedicated staff to answer the calls from the investor hotline and to deal with emails and faxes, provided minority investors with timely reply aggregating to over 500 inquiries, so as to effectively safeguard their rights to know. The Shareholders' general meeting adopted internet voting, and the Company elects directors and supervisors through cumulative voting, which further protected the right of participation and voting of the minority investors in the important matters of the Company.

The fourth is focusing on information feedback from capital market. On the basis of building up extensive communication with investors, the Company conducted the dynamic tracking of share price valuation, analysts' reports and media comments in due course, while tracing and analysing hot topics in the capital market, and advising the Company's management with the responses of the capital market in a timely manner to facilitate their decision-making. Following the disclosure of the Company's results, the Company took the initiative to carry out investor surveys, actively enquired the views and comments of coal industry analysts on the Company's operation results, information disclosure and investor relations management, and solicited suggestions from the capital market for the Company's business development.

Looking back, the Company had achieved fruitful results. Looking forward, the Company is greatly confident to make further progress. China Coal Energy will further improve the investor relations management mechanism, constantly enhance the quality of communication with investors so as to obtain recognition form more investors.

Safety, Health, Environmental Protection and Social Responsibility

I. SAFETY PRODUCTION

In 2019, China Coal Energy conscientiously implemented all major decisions and deployment on safety production made by the Party Central Committee, the State Council and the superior departments of the government. By adhering to the idea of safe development and the concept of life first and safety first, the Company has produced effective results in safety production by implementing safety accountability, enhancing risk management and control, consolidating the safety foundation and improving the safety awareness, realizing the goal of "0" death rate in million tonnes coal production.

Safety accountability was further implemented. 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, accountability for negligence" by implementing strong incentives, stringent assessment and strict accountability to hold principals at all levels accountable for primary safety responsibilities. The Company implemented contract responsibility system for work safety management at each level and relevant persons-in-charge contracted 14 mines (plants) to vigorously promote the implementation of the onsite safety responsibility. The Company conducted extensive and various activities including setting specific areas relating to safety responsibilities for party members and specific positions relating to safety supervision for party members, publicizing the typical experience of "everyone is a team leader" from Tashan Coal Mine. The production teams or groups from China Coal Shaanxi Company Chemical Branch and Ordos Energy Chemical Company were awarded "National Youth Safety Production Demonstration Post".

Material risk was effectively controlled. The Company has sorted out the safety risks that need to be carefully controlled, and formulated control measures for such risks including interview, listing, supervision and assistance to improve onsite management. The Company also convened 147 third level business meetings on major technical problems, invited internal and external experts to conduct technical consultation for 11 mines with high gas and complicated hydrogeological conditions. In addition, the Company continued to conduct safety supervision and inspection to ensure major risks are controllable and under control, thereby eliminating various types of hidden safety hazards.

Safety guarantee capability has been steadily improved. With the continuous progress of system optimization, equipment upgrading, quality promotion and management improvement, the safety guarantee capability of the Company kept enhancing. Coal mine enterprises of the Company have fully advanced the construction of "four directions" by adding 3 new intelligent work faces, with 13 coal mines reaching in safety production standardization level I (國家一級安全生產標準化水平). Coal chemical enterprises of the Company gave great impetus to the construction of leak free plants, with three chemical plants meeting safety production standardization level II (國家二級安全生產標準化水平). The pilot power plant started the construction of intelligent safety management systems.

Safety awareness of all staff kept improved. By fully carrying out a series of safety activities with full participation such as "March Safety Warnings", "Production Safety Month", "100-day Safety" and "Safety Production Regulation", the Company successfully built a strong atmosphere of safety production. The Company also carried out warning education by case study in each level, with person in charge at all levels going into regional teams and workshops to offer safety lectures, so that "an accident in one plant is educational for others". In addition, the Company organized all employees to learn the safety production responsibility system for relevant positions, to enable them to recognize their own safety responsibilities. All employees' safety awareness in daily production has been improved through intensified publicity and education, and the problems of "low standards, old trouble and bad habits" have shown a clear downward trend.

II. OCCUPATIONAL HEALTH

The Company attached high importance to occupational health management and continuously fulfilled its occupational health responsibilities. The Company also improved and refined the occupational health management system to regulate the daily management of the Company. The Company consistently carried out occupational health control in a thorough manner by regularly monitoring the hazards that lead to occupational diseases and announced the results on spot to materialise protection of employees' interest. The Company is committed to the implementation of an integrated control system for healthy and safe production, to simultaneously deploy, promote, examine and assess occupational health and safe production. Shanghai Energy Company was awarded the "Excellent Unit in terms of Occupational Disease Prevention and Control" in Jiangsu Province. Underground operating environment has been further improved by creating a favorable working environment and conditions that is good for employees' health and promoting the highly efficient dedusting spray technology and equipment from Wangjialing Coal Mine of China Coal Huajin Company.

III. ENVIRONMENTAL PROTECTION

In 2019, guided by Xi's Thought on Ecological Civilization and adhering to the new development philosophy, the Company fully implemented all major decisions and deployment on ecological and environmental protection made by the Party Central Committee and the State Council. The Company faithfully fulfilled its duties in ecological and environmental protection 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 continuous capital investment to conduct pollution prevention and control as well as ecological environment governance. The indicators such as mining recovery rate, the overall utilisation rate of mine water and coal gangue maintained an advanced level in the industry. 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 so far. The Company has not been punished by relevant environmental protection regulatory department for any major environmental protection violations. Seven coal mines were included into the State Green Mine Catalogue while ecological reclamation case in Pingshuo mining areas was credited as the industry benchmark.

Firstly, enhancing the construction of ecological and environmental control system. In accordance with the work principle of "control enhancing, problem solving, rectification strengthening, risk controlling", affiliated enterprises have improved and refined their organisational management, survey and monitoring and assessment reward and punishment systems. They have also enhanced the professional management of environmental issues so as to continuously replenish the staff in the management institutions in the four-level organisation, namely "headquarters, subordinate enterprise, mine (factory) and sub-unit (workshop)". A system for regular meetings on environmental issues is strictly implemented. Continuously optimized the environmental management of construction projects, the assessment, reward and punishment with regard to environmental protection efforts and management of environmental emergency response measures, which led to a system of procedures-equipped, monitoring-involved, goals assessment and accountability-held was initially formed. The Company incorporated the annual energy-saving and environmental protection assessment targets into the responsibility statement for business performance of the responsible person of the affiliated enterprises and developed the "Energy-saving and Environmental protection Statistical Information System", effectively docking with the new version of SASAC system. The Company's affiliated enterprises which are the major pollutant-dischargers have installed online monitoring equipment for waste water and waste gas. A number of our enterprises have installed environmental monitoring stations and have the capability to carry out self-monitoring of the emissions.

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, carried out the environmental risk assessment and ecological environmental protection standardization construction, resulting in the gradual improvement of environmental risk management and control mechanism. The Company kept on promoting environmental risk investigation and rectification, organised "Looking Back" activities on rectification of ecological and environmental problems and conducted comprehensive investigations and supervisions of ecological and environmental problems. 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 project constructions were in compliance with laws and requirements. During project constructions, the Company strictly followed requirements on the obtainment of environmental impact assessment approvals and implemented environmental protection measures. Environmental protection facilities were constructed 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, and to reconstruct the coal-fired boilers for environmental protection purposes or replace them with clean energy. 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. The Company has improved on its management and effective consumption of waste water and 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 fully recycled by coal chemical plant. The Company proactively promoted the full closure and reconstruction of the coal storage area and accelerated the treatment for VOCs. The Company 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, promoting carbon emission management in an orderly manner. In accordance with the deployment requirements of national carbon emission permits trade to be launch in 2020, the Company steadily carried out the basic work of carbon emission management, conducted thorough carbon examination against affiliated power and coal chemical enterprises, completed the preparation of its "Carbon Emission and Carbon Asset Management Implementation Plan", organised experts to conduct business training for relevant personnel in power and chemical enterprises, pushed forward the establishment of related ledger and monitoring plan for carbon emission management as well as continuously improved the management system, completed the account opening in the national carbon emission trading market and reporting of related materials.

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	62	October 2018	October 2021	0	0	0	–	0	Yes
Peng Yi	Vice Chairman, Executive Director	Male	57	October 2018	October 2021	0	0	0	–	0	Yes
Du Ji'an	Non-executive Director	Male	58	October 2018	October 2021	0	0	0	–	0	Yes
Zhao Rongzhe	Non-executive Director	Male	54	October 2018	October 2021	0	0	0	–	0	Yes
Xu Qian	Non-executive Director	Male	39	October 2018	October 2021	0	0	0	–	0	Yes
Zhang Ke	Independent Non-executive Director	Male	66	October 2018	October 2021	0	0	0	–	30	No
Zhang Chengjie	Independent Non-executive Director	Male	66	October 2018	October 2021	0	0	0	–	30	No
Leung Chong Shun	Independent Non-executive Director	Male	54	October 2018	October 2021	0	0	0	–	30	No
▲Niu Jianhua	Executive Director, President	Male	57	October 2018	November 2019	0	0	0	–	0	Yes
Zhou Litao	Shareholder Representative Supervisor	Male	59	October 2018	October 2021	0	0	0	–	0	Yes
Wang Wenzhang	Shareholder Representative Supervisor	Male	55	October 2018	October 2021	0	0	0	–	78.09	No
♦Zhang Shaoping	Employee Representative Supervisor	Male	55	October 2018	October 2021	0	0	0	–	90.74	No
♦Pu Jin	Vice President (performs the duties of the president)	Male	59	October 2018	October 2021	0	0	0	–	100.01	No
♦Chai Qiaolin	Chief Financial Officer	Male	51	October 2018	October 2021	0	0	0	–	90.62	No
♦Ni Jiayu	Vice President	Male	48	October 2018	October 2021	0	0	0	–	88.88	No
Yi Baohou	Secretary to the Board and Company Secretary	Male	56	March 2019	October 2021	0	0	0	–	44.01	No
▲♦Qi Hegang	Vice President	Male	61	October 2018	March 2019	0	0	0	–	52.66	No
▲★Ma Gang	Vice President	Male	50	October 2018	March 2019	0	0	0	–	15.20	No
▲♦Zhou Dongzhou	Secretary to the Board and Company Secretary	Male	61	October 2018	March 2019	0	0	0	–	46.42	No
Total	/	/	/	/	/				/	696.63	/

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. Niu Jianhua resigned in November 2019 due to job changes. Mr. Ma Gang resigned in March 2019 due to job changes. Mr. Qi Hegang and Mr. Zhou Dongzhou resigned in March 2019 due to retirement.

4. ◆The percentage of performance-based salary paid for the current period was 70% (including the deferred performance-based salary in the previous year).

5. ★All the salaries received were deferred performance-based salaries in the previous year.

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, is the Executive Director and Chairman of the Fourth Session of the Board of the Company and Secretary of Party Committee of the Company. He currently serves as the Chairman of the Board and Secretary of Party Committee of China Coal Group as well 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 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 Chairman of the board of directors, General Manager and Deputy Secretary of Party Committee of China Coal Construction Group Corporation, the Director General of the Plan and Development Department of State Administration of Coal Industry, 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 Chairman of the board of directors, Secretary of Party Committee 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 Vice Chairman of the board of directors and the General Manager of China Coal Group, 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.

Directors, Supervisors, Senior Management and Employees

2. **Peng Yi**, born in 1962, is the Executive Director and Vice Chairman of the Fourth Session of the Board of the Company and the Deputy Secretary of Party Committee of the Company. He currently serves as a Director, the General Manager and the Deputy Secretary of Party Committee 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 the Construction Engineering Department of Wuhan Construction Material Industry Institute (currently known as Wuhan University of Technology), obtained a Master's Degree in Business Administration (MBA) from Wuhan University in June 1999 and obtained a Doctor's Degree in economics from Wuhan University of Technology in 2011. Mr. Peng is also a Senior Engineer, a Senior Accountant 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, Head of the Finance Department of Central-South Architectural Design Institute, Deputy General Manager, Chief Economist and Finance Manager of Wuhan Kaidi Electric Power Company Limited, Chairman of the Board of Wuhan Gelin Tiandi Environmental Protection Enterprises Group Company Limited, Chairman of the Board of Wuhan Kaidi Lantian Technology Company Limited, Executive Director, Executive Vice President and Chief Financial Officer of the First Session of the Board of the Company, Vice Chairman of the Second Session of the Board of the Company, Vice Chairman of the Third Session of the Board of the Company, the Vice General Manager and the Chief Accountant of China Coal Group. Mr. Peng has extensive experience in corporate management, capital operation and financial management.

3. **Du Ji'an**, born in 1961, is a Non-executive Director of the Fourth Session of the Board and the Deputy Secretary of Party Committee of the Company. He currently serves as a Director and the Deputy Secretary of Party Committee of China Coal Group, Executive Director of the Fourth Council of Research Institute for Party Building, Ideological and Political Work of State-Owned Enterprises and Vice President of Human Resources Work Committee of China National Coal Association. Mr. Du graduated from Shandong Institute of Mining and Technology (currently known as Shandong University of Science and Technology) majoring in coal mine construction in July 1983, and obtained a Doctoral Degree of engineering 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), Director of the General Office of China National Coal Industry Import and Export Corporation, Deputy Secretary of Party Committee of China Coal Comprehensive Utilization Group Corporation, Director of Human Resources Department, Deputy Director of Human Resources and Audit Committee and Assistant to the General Manager of China National Coal Industry Import and Export Group Corporation, Deputy Secretary of Party Committee, Secretary of Discipline Inspection Committee and Chairman of Labor Union of China National Coal Group Corporation, Deputy General Manager and Secretary to the Board of China National Coal Group Corporation 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 of the Company, member of CPC Committee. He is currently a member of the Standing Committee 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 Council. 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, Deputy Director of Asset and Finance Department in China National Coal Industry Import & Export (Group) Corporation, Director of Asset and Finance Department in China National Coal Group Corporation, General Manager of Financial Management Department and Deputy Chief Accountant in China National Coal Group Corporation. 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 of both Funde Sino Life Insurance Co., Ltd. and 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 Economy in December 2003 and a doctorate degree from Cambridge University in the United Kingdom majoring in economics in July 2015. 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.

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), an Independent Director of Net263 Ltd., HC360.com Ltd. (慧聰網有限公司), CITIC Press Group Co., Ltd. and China Construction Technology Group Co., Ltd. and 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., Deputy Executive Officer of Zhongxin Accountants Firm, Deputy General Manager of Zhongxin Yongdao Accountants Firm, partner of Coopers & Lybrand International, General Manager of Zhongxin Yongdao Accountants Firm, 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 External Director of China National Offshore Oil Corporation. Mr. Zhang graduated from North China Electric Power University with major in power system relay protection and automation. He served as the Deputy Secretary of Party Committee of North China Electric Power Institute, Vice Principal of North China Electric Power University, Secretary (director general level) of Party Committee of North China Electric Power University (Baoding), Deputy Secretary of Party Committee and Secretary of Discipline Inspection Committee of North China Electric Power University, Deputy Director and Party Branch Secretary of Human Resources Department of State Grid Corporation of China, Director of Human Resources Department, Assistant to the General Manager and Director of Human Resources Department of China Guodian Corporation, Vice General Manager and Party Leadership Group member of China Guodian Corporation as well as an Independent Non-executive Director of the Third Session of the Board of the Company. 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, partner of Woo Kwan, Lee & Lo. and 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 was 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 serve as the General Legal Counsel and a member of the Discipline Inspection Committee of China Coal Group, 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) with a major in law, and obtained an Executive MBA Degree from HEC Business School Paris, France in December 2007. He obtained a doctorate diploma and a Doctor's 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 General Manager of Legal Affairs Department of China National Coal Group Corporation 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 general manager of the Audit Department of China Coal Group, Manager of the Auditing Department of the Company, Deputy Director Member of the China Accounting Standards Advisory Committee of the Ministry of Finance of the PRC, 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, 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, and member of China Internal Audit Association and member of the Senior Accountant Specialized Technique Qualification Evaluation Committee of Government Offices Administration. 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 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 Deputy Director of Finance Department, Director of Finance and Audit Department, and Manager of Finance Department in China Coal Construction Group Corporation, Deputy Director of Asset Finance Department of China Coal Energy Company Limited, and Vice General Manager of Finance Management Department of China Coal Energy Company Limited and Supervisor of China United Coalbed Methane Corporation Ltd., Chief Accountant of China National Cotton Reserves Corporation and Chairman of the Board of CNCRC Guangzhou Company (to be established), Chief Accountant of China Coal Construction Group Company Limited 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 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 current full-time director of second-tier enterprise of China Coal Group. He graduated from Hebei University of Engineering (formerly Hebei University of Architecture) majoring in industrial and civil construction in July 1986, and obtained a Bachelor's Degree in engineering. He is a Senior 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, Deputy Director of the Office of China National Coal Sales and Transportation Corporation, Deputy Director and Director of the Party Committee Office and Director of Party Committee Work Department of China National Coal Industry Import and Export Group Corporation, Director of Party Committee Work Department of China Coal Group, the Secretary of the 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 of the Company and the Employee Representative Supervisor of the Third Session of the Supervisory Committee. 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 the Party Committee of the Company. He is currently also a member of the 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. He 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 Assistant to the General Manager and Deputy General Manager of Automatic Engineering Division and Overseas Operations Division of China National General Machinery Corp. under the Ministry of Machinery Industry, General Manager of China Coal Shenzhen Company, General Manager of China Coal Southern Energy Resources Company Limited and Chairman of China National Coal Mining Equipment Group Corporation 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 the Party Committee. 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 from Beijing Institute of Economics majoring in public finance. Mr. Chai has been qualified as a 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. Mr. Chai has over 25 years of extensive experience in financial work in state-owned enterprises as well as over 10 years of experience in capital operation and financial management in listed companies.

3. **Ni Jiayu**, born in 1971, is the Vice President and a member of the Party Committee of the Company. He currently serves as a member of Party Committee of China Coal Group, a member of the standing committee of Ordos City and the deputy mayor of Ordos City (secondment) and the Vice President of China Coal Education Association. He graduated from Harbin University of Science and Technology majoring in industrial design in July 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 National Coal Group Corporation, Manager of the Department of Human Resources of China Coal Energy Company Limited, 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 National Coal Group Corporation, etc. Mr. Ni has profound knowledge about the coal industry and extensive experience in human resource 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 the 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 qualified as a Senior Engineer, a Professor-Level Senior Administration Engineer, a Certified Senior Professional Manager and a Certified Senior Risk Manager. Mr. Yi served as the Technician, 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 the Xi'an Design and Research Institute of the Ministry of Coal Industry; the Secretary of Party Committee, Deputy Dean 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 National Coal Group Corporation; the Secretary of Party Committee, General Manager, Vice Chairman and Chairman of the board of directors of Datun Coal and Electricity (Group) Company Limited; the Vice Chairman and Chairman of the board of directors of Shanghai Datun Energy Resources Company Limited; the Employee Representative Director of the board, Member of the Audit and Risk Management Committee of the board of directors of China National Coal Group Corporation; the Chairman and Secretary of Party Committee of China Coal Comprehensive Utilization Group Corporation; and the Chairman and Secretary of Party Committee of China Coal Assets Management Group Co., Ltd. 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, and 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 is subject to the approval by the Board. For the year of 2019, the total remunerations for Directors, Supervisors and senior management of the Company was RMB6,966,300 (tax inclusive).

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

As approved by the Shareholders' general meeting of the Company, the basis for determining the remunerations of Directors of the Fourth Session of the Board and the Supervisors of the Third Session of Supervisory Committee of the Company is as follows: independent non-executive Directors would receive remunerations from the Company, while the Company pays RMB300,000 to each independent non-executive Director (before tax, on a monthly basis, individual income tax withheld and withheld tax paid, remunerations of independent non-executive Directors would be determined according to actual period in office). Other than the above Directors, other Directors would not receive remunerations from the Company. Supervisors receive remunerations from the companies where they work. Travel expenses for Directors and Supervisors attending the Board meeting, the Supervisory Committee meeting, Shareholders' general meeting, and relevant activities held by the Board and the Supervisory Committee would be borne by the Company. Remunerations of senior management are paid in accordance with "Management Method of the Remunerations for Senior Executives 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
Pu Jin	Vice President (performs the duties of the president)	Appointment	Proval of his performing the duties of the president at the 6th meeting of 2019 of the Fourth Session of the Board
Qi Hegang	Vice President	Resignation	Retirement
Ma Gang	Vice President	Resignation	Proval of his resignation as the vice president at the 2nd meeting of 2019 of the Fourth Session of the Board
Zhou Dongzhou	Secretary to the Board and Company Secretary	Resignation	Retirement
Yi Baohou	Secretary to the Board and Company Secretary	Appointment	Proval of his appointment as secretary to the Board and Company Secretary at the 2nd meeting of 2019 of the Fourth Session of the Board
Niu Jianhua	Executive Director, President	Resignation	Job transfer

V. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

	Number of persons
Number of current employees in the Company	468
Number of current employees in major subsidiaries	25,077
Total number of current employees	42,112
Number of staff 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	25,269
Sales Staff	978
Technical Staff	8,991
Financial Staff	828
Administrative Staff	3,213
Other Staff	2,833
Total	42,112

Education Level

Education level by type	Number of persons
Postgraduate or above	1,246
Undergraduate	12,351
Technical College	11,108
Below College	17,407
Total	42,112

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 benchmarks high-quality development requirements, adheres to the guidance of benefits and efficiency, and seeks to find disadvantages and overcome shortcomings as its starting point, 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, Emphasizing Morality, Enhancing Ability, Educating Talents, and Optimizing 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 it has cumulatively trained about 58,600 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)	36,936,000
Total amount of remunerations paid for outsourcing (RMB thousand)	1,161,435

Directors' Report

Dear Shareholders,

The board of directors (the "**Board**") of China Coal Energy Company Limited is pleased to present the directors' report of the Company and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019 prepared in accordance with the IFRS.

I. PRINCIPAL OPERATIONS

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

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

II. OPERATING RESULTS

The financial and operating results of the Group for the year ended 31 December 2019 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 and in other necessary circumstances, the Company may distribute dividends in the form of shares.

(2) Implementation of the Dividend Policy

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

On 20 March 2020, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB1,687,931,100 to the Shareholders, representing 30% of the net profit attributable to the Shareholders for the year ended 31 December 2019, which was RMB5,626,437,000 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 RMB0.127 per share (tax inclusive). The above proposed profit distribution plan is subject to the approval of Shareholders at the 2019 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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange 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.

An announcement containing information in relation to the latest registration date and the period of closure of share register for attending the 2019 annual general meeting of the Company (expected to be held before 30 June 2020) for receiving the final dividend for the year ended 31 December 2019, as well as the dividend distribution date (expected before 31 August 2020) will be published separately when the date of the 2019 annual general meeting of the Company is fixed.

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 2019, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As of 31 December 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 had maintained the prescribed public float under the Hong Kong Listing Rules.

VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Directors Li Yanjiang and Zhangke 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.

Save for the above contracts, 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 2019, 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 Group to which the Company, the holding company of the Company, or any of its subsidiaries or fellow subsidiaries of the holding company is a party.

IX. REMUNERATION OF DIRECTORS AND SUPERVISORS

The details of the remuneration of Directors and Supervisors of the Company for the year ended 31 December 2019 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 2019, no Directors or Supervisors 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 forthcoming annual general meeting. To determine the remuneration package, the remuneration committee and the Board will take into consideration a number of factors, such as Directors' duties, performance and the operating results of the Group.

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

For the year ended 31 December 2019, the Company and its subsidiaries had not purchased, sold or repurchased 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 2019 are set out in the notes to the audited financial statements for the year.

XII. DONATION

For the year ended 31 December 2019, the Group donated a total of RMB14,774,000 for charity and other donation purposes.

XIII. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2019 are set out in the notes to the audited financial statements for the year.

XIV. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENT

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

XV. MAJOR SUPPLIERS AND CUSTOMERS

The Group's major suppliers mainly provide the Group with raw materials such as trading coal and methanol. The major customers of the Group 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 2019, total values (not of a capital nature) of the contracts entered into between the Group and its top five suppliers accounted for less than 30% of the total values of the goods the Group purchased. During the year ended 31 December 2019, total values of the contracts entered into between the Group and its top five customers in aggregate also accounted for less than 30% of the total amount of revenue and other income of the Group.

XVI. MATERIAL CONTRACTS

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

XVII. CONNECTED TRANSACTIONS

The followings are the main connected transactions of the Group during the year of 2019:

(1) Continuing Connected Transactions

As a result of listing after restructuring and reform, there are connected transactions between the Group and China Coal Group. The daily 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. The Group has entered into certain connected transaction agreements with the parent group. Meanwhile, there are also connected transactions 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 2019 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 (excluding the Group) to the Group. The Group is entitled to purchase coal products produced from third parties once the quantity or quality of coal products provided by China Coal Group and its subsidiaries (excluding the Group) cannot satisfy the requirements of 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 Group) by the Group for the procurement of coal products produced from the coal mines of China Coal Group and its subsidiaries (excluding the Group) by the Group for the year ended 31 December 2019 was RMB9 billion. The actual transaction amount was RMB4.879 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 (excluding the Group) shall supply the Group (i) production materials and ancillary services, including raw materials, ancillary materials, transportation, loading and uploading services, electricity and heat supply, equipment maintenance and leasing, labour contracting 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 (excluding the Group) (i) production materials and ancillary services, including coal, coal mining facilities, raw materials, auxiliary materials, electricity and heat supply, transportation, loading and uploading services, equipment maintenance and leasing, labour contracting and others; and (ii) exclusive coal export-related ancillary services including organising product supply, performing coal blending, coordinating logistics and transportation, provision of port related services, arranging 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".

On 23 April 2019, the Company revised the annual caps for the transactions under the agreement for the two years ending 31 December 2020. Pursuant to the amendment, the annual cap for the transactions in relation to provision of materials and ancillary services and of the social and support services to the Group by the China Coal Group and its subsidiaries (excluding the Group) was RMB5.9 billion as of 31 December 2019, and RMB6.1 billion as of 31 December 2020; the annual cap for the transactions in relation to provision of the materials and ancillary services and of the exclusive coal export-related services to the parent group by the Group was RMB2.0 billion as of 31 December 2019, and RMB2.3 billion as of 31 December 2020. Details are set out in the announcement of the Company dated 23 April 2019 and the circular of the Company dated 29 April 2019.

For the year ended 31 December 2019, (1) the annual cap for the transactions in relation to provision of raw materials and ancillary services and social and support services to the Group by China Coal Group and its subsidiaries (excluding the Group) for 2019 was RMB5.9 billion and the actual transaction amount was RMB4.762 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 Group) by the Group for 2019 was RMB2 billion and the actual transaction amount was RMB1.429 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.

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. China Coal Group and its subsidiaries (excluding the Group) shall bid by stringently following the steps and/or measurements as stipulated by the Invitation and Submission of Bids Law of the PRC and the specific requirements in bidding invitation documents made by the Group.

On 23 April 2019, the Company revised the annual caps for the transactions under the agreement for the two years ending 31 December 2020. Pursuant to the amendment, the annual cap for the transactions in relation to provision of project design, construction and general contracting services to the Group by the China Coal Group and its subsidiaries (excluding the Group) was RMB4.2 billion as of 31 December 2019, and RMB5.5 billion as of 31 December 2020. Details are set out in the announcement published by the Company on 23 April 2019 and the circular of the Company dated 29 April 2019.

For the year ended 31 December 2019, 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 Group) to the Group for 2019 was RMB4.2 billion and the actual transaction amount was RMB1.873 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, and 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: (i) the rentals are subject to review and adjustments every three years during the term of the Property Leasing Framework Agreement 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) any downward adjustment in rentals for such properties leased to the Group may be made at any time during the term of the Property Leasing Framework Agreement notwithstanding the normal three-year rental adjustment mechanism provided for thereunder as described above; and (iii) the rentals will be paid by cash each year and funded by the Group's internal resources.

The annual cap for 2019 in respect of property rentals paid by the Company to China Coal Group and its subsidiaries (excluding the Group) in respect of the structures and properties leased was RMB120 million. The actual rental incurred for the year ended 31 December 2019 was RMB89 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 (excluding the Group) have agreed to lease to the Group certain land use rights for general business and auxiliary facilities purposes. Such land use rights include 202 parcels of land amounting to an aggregate gross site area of approximately 5,788,739.77 square metres, most of which are used for production and operation. Details are set out in the announcements of the Company dated 21 October 2011, 23 October 2014 and 27 April 2017.

Pricing principles: (i) the rentals are subject to review and adjustments every three years during the term of the Land Use Rights Leasing Framework Agreement 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) any downward adjustment in rentals of such land use rights leased to the Group may be made at any time during the term of the Land Use Rights Leasing Framework Agreement notwithstanding the normal three year rental adjustment mechanism provided for thereunder as described above; and (iii) the rentals will be paid by cash annually and funded by the Group's internal resources.

The annual cap for 2019 in respect of the land use rights rental paid by the Company to China Coal Group and its subsidiaries (excluding the Group) was RMB57 million. The actual rental incurred for the year ended 31 December 2019 was RMB49 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) and contacts of China Coal 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 (excluding the Group) and contacts of China Coal Group, 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 (excluding the Group) and contacts of China Coal Group, 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.

On 23 April 2019, the Company revised the annual caps for the transactions under the agreement for the two years ended 31 December 2020, pursuant to which, the maximum daily balance of loans and financial leasing (including accrued interests) granted by Finance Company to the parent group was RMB7.5 billion as at 31 December 2019, and will amount to RMB8.0 billion as at 31 December 2020. The details are set out in the announcement of the Company dated 23 April 2019 and the circular of the Company dated 29 April 2019.

The maximum daily balance of loans and financial leasing (including accrued interests) for 2019 granted by Finance Company to China Coal Group and its subsidiaries (excluding the Group) and contacts of China Coal Group was RMB7.5 billion. The actual maximum daily balance incurred for the year ended 31 December 2019 were RMB4.363 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 Group has agreed to purchase the coal and coal related products and accept services from Shanxi Coking Coal Group, and Shanxi Coking Coal Group has agreed to purchase the coal and coal related products and accept services from the Group. 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 2019 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. The actual amount incurred during the year ended 31 December 2019 was RMB393 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 70 to 75 of the Annual Report in accordance with Hong Kong Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the HKSE.

All the independent non-executive Directors 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 2019 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Non-continuing Connected Transactions

1. Matters in relation to the acquisition of 100% equity interest in Dongrisheng Coal Mining Co., Ltd.

On 1 February 2019, the first meeting of the fourth session of the Board of the Company in 2019 considered and approved the Proposal on the Acquisition of 100% Equity Interest of Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd. by China Coal Pingshuo Group Company Limited, which approved the acquisition of 100% equity interest of Dongrisheng Coal Mining Company from China Coal Group by China Coal Pingshuo Group Company Limited at a consideration of RMB24,317,600. By now, the above transfer of equity interests has been completed, and the aforesaid payment has been fully made.

For details, please refer to the relevant announcements published on the websites of the SSE, the HKSE and the Company on 1 February 2019.

2. Matters in relation to the acquisition of capacity replacement quota from subsidiaries of China Coal Group

On 1 February 2019, the first meeting of the fourth session of the Board of the Company in 2019 considered and approved the Proposal on the Acquisition of Capacity Replacement Quota of Yangcun Coal Mine from Xinji Energy Company by Dahaize Coal Mine from China Coal Shaanxi Company and the Proposal on the Acquisition of Capacity Replacement Quota of Yangcun Coal Mine from Xinji Energy Company by Shanxi Xiaohuigou Coal Industry Company Limited, which approved the acquisition of the 950,000 tonnes per year capacity replacement quota of Yangcun Coal Mine from Xinji Energy Company by China Coal Shaanxi Company at a consideration of RMB109,250,000. By now, the Company has obtained relevant capacity replacement quota and the aforesaid payment has been implementing in accordance to relevant agreement. And the acquisition of the 300,000 tonnes per year capacity replacement quota of Yangcun Coal Mine from Xinji Energy Company by Xiaohuigou Coal Industry at a consideration of RMB34,500,000 is also approved. By now, the Company has currently obtained relevant capacity replacement quota and the aforesaid payment has been fully made in accordance to relevant agreement.

For details, please refer to the relevant announcements published on the websites of the SSE, the HKSE and the Company on 1 February 2019.

On 23 April 2019, the third meeting of the fourth session of the Board of the Company in 2019 considered and approved the Proposal on the Acquisition of Capacity Replacement Quota of Xinji No. 3 Coal Mine from Xinji Company by Nalin River No. 2 Coal Mine from Mengda Mining Company, the Proposal on the Acquisition of Capacity Replacement Quota of Yangcun Coal Mine and Xinji No. 3 Coal Mine from Xinji Company by Muduchaideng Coal Mine from Yihua Mining, the Proposal on the Acquisition of Capacity Replacement Quota of Maying Coal Mine from Maying Coal by Muduchaideng Coal Mine from Yihua Mining, the Proposal on the Acquisition of Capacity Replacement Quota of Xinji No. 1 Coal Mine from Xinji Company by Nanliang Coal Mine from Nanliang Coal, the Proposal on the Acquisition of Capacity Replacement Quota of Changhong New Coal Mine from Changhong New Company by Nanliang Coal Mine from Nanliang Coal, the Proposal on the Acquisition of Capacity Replacement Quota of Xishahe Coal Mine from Xishahe Coal Company by Yilan No. 3 Coal Mine from Longhua Company, which approved the acquisition of the 225,000 tonnes per year capacity replacement quota of Xinji No. 3 Coal Mine from Xinji Energy Company by Mengda Mining Company at a consideration of RMB25,875,000, the acquisition of the 1,476,000 tonnes per year capacity replacement quota of Yangcun Coal Mine and Xinji No. 3 Coal Mine from Xinji Energy Company by Yihua Mining Company at a consideration of RMB169,740,000, the acquisition of the 900,000 tonnes per year capacity replacement quota of Maying Coal Mine from Maying Coal by Yihua Mining Company at a consideration of RMB103,500,000, the acquisition of the 765,600 tonnes per year capacity replacement quota of Xinji No. 1 from Xinji Energy Company by Nanliang Coal Company at a consideration of RMB88,044,000, the acquisition of the 135,000 tonnes per year capacity replacement quota of Changhong New Coal Mine from Changhong New Company by Nanliang Coal Company at a consideration of RMB15,525,000, and the acquisition of the 240,000 tonnes per year capacity replacement quota of Xishahe Coal Mine from Xishahe Coal Company by Longhua Company at a consideration of RMB27,600,000, respectively. By now, the Company has obtained relevant capacity replacement quota. Except the aforesaid consideration for acquisition of capacity quota from Xinji No. 3 Coal Mine by Muduchaideng Coal Mine of Yihua Mining shall be paid according to the agreement, other capacity quota payment has been fully made.

For details, please refer to the relevant announcements published on the websites of the SSE, the HKSE and the Company on 23 April 2019.

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, the Company received the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited from China Coal Group (the controlling shareholder of the Company), in which China Coal Group stated expressly 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. China Coal Energy will arrange the fulfilment of the above undertaking with a high sense of responsibility to investors in compliance with relevant regulatory requirements. For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 14 February 2014 and on 13 May 2014 respectively.

On 9 October 2019, China Coal Group issued a Consulting Letter on the Exercise of Option of the Relevant New Business Opportunity to the Company, to seek advice from China Coal Energy in respect of the exercise of the option of new business opportunity (the "Relevant New Business Opportunity") related to the acquisition of 51% of SDIC Xuancheng Power Generation Co., Ltd. (國投宣城發電有限責任公司) from SDIC Power Holdings Co., Ltd. ("SDIC Power"), 60% of SDIC Yili Energy Development Co., Ltd. (國投伊犁能源開發有限公司), 51.22% of Jingyuan Second Power Generation Co., Ltd. (靖遠第二發電有限公司), 55% of SDIC Beibu Gulf Power Generation Co., Ltd. (國投北部灣發電有限公司), 35% of Huaibei Guoan Electricity Co., Ltd. (淮北國安電力有限公司), 45% of Gansu Electric Power Investment Zhangye Power Generation Co., Ltd. (甘肅電投張掖發電有限責任公司), and the proposed transfer of 51% of Xinjiang Production and Construction Corps Hongxing Power Generation Co., Ltd. (新疆生產建設兵團紅星發電有限公司) held by Xinjiang Production and Construction Corps Investment Co., Ltd. (新疆生產建設兵團投資有限責任公司) ("Corps Investment Company") and Corps 13th Division New Energy Co., Ltd. (兵團十三師新興能源有限公司) ("New Energy Company"). All the independent non-executive directors unanimously decided that the Company will not exercise the option of the Relevant New Business Opportunity.

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 optimize 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

Restricted 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 will inevitably affect the environment to a certain extent. The Company has followed the laws and regulations on energy conservation and emission reduction and will continue to promote the development of a "Green China Coal". The Company has continuously increased investment in technology and environmental protection and adhered to a coordinated development of coal mining and environmental protection. The Company is actively committed to social responsibility by carrying out land subsidence treatment and reclamation work in mining areas in a down-to-earth manner, developing circular economy in mining areas and striving to establish a resource-saving and environmentally friendly enterprise.

(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, optimising production layout, improving production efficiency and reducing material purchase costs and unit consumption level to prevent cost increases.

(7) Risks of Foreign Exchange

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 2019, 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 2018

The Company's 2018 profit distribution plan was considered and approved at the Company's 2018 annual general meeting held on 28 June 2019. Cash dividends of RMB1,030,373,400 were distributed to the Shareholders, representing 30% of the net profit attributable to the equity holders of the Company which was RMB3,434,578,000 for the year of 2018 as set out in the consolidated financial statements of 2018 prepared in accordance with the Chinese accounting standards for business enterprises. Based on the total issued share capital of 13,258,663,400 shares of the Company, RMB0.078 (inclusive of tax) would be distributed per share.

These final dividends had been distributed to all the 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 were not amended during the year.

(4) Transaction of Assets

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

(5) Other Significant Events

1. Matters in relation to the general mandate to issue debt financing instruments granted to the Company

On 28 June 2019, the 2018 annual general meeting of the Company considered and approved the Proposal on Continuing to Grant to the Company the General Mandate to Issue Debt Financing Instruments, pursuant to which the Board of Directors was generally and unconditionally authorized, who would in turn further authorize the management of the Company, with full power and authority to deal with the matters in relation to the issuance of domestic and/or overseas debt financing instruments of no more than RMB40 billion within the effective period of the resolution and in accordance with the specific needs of the Company and other conditions of the capital market.

For details, please refer to the announcements of the Company published on the websites of the SSE, the HKSE and the Company on 15 March 2019, 29 April 2019, 20 May 2019 and 28 June 2019.

XXI. MATERIAL LEGAL PROCEEDINGS

As at 31 December 2019, 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 2019.

XXII. AUDITORS

On 28 June 2019, the annual general meeting of the Company for 2018 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 2019.

The auditors of the Company have been remained unchanged for the past three 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 2018.

XXIV. RESERVES

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

As at 31 December 2019, reserves available for distribution by the Company in accordance with the relevant laws and regulations of the PRC were RMB21.845 billion.

Directors' Report

XXV. PENSION AND OTHER STAFF COST

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

XXVI. FINANCIAL SUMMARY

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

XXVII. PERMITTED INDEMNITY PROVISION

The Company has purchased liability insurance for its Directors, Supervisors and senior management. The insurance was effective in the fiscal year ended 31 December 2019 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

1. Registration and Issue of Corporate Bonds

The Company successfully registered corporate bonds of RMB10 billion on 10 March 2020 (for professional investors), and completed the public issuance of the 2020 first tranche corporate bonds (for professional investors) on 18 March 2020, of which the issue amount is RMB3 billion with a term of five years and an interest rate of 3.60%.

2. Registration of Medium-Term Notes

The Company successfully registered medium-term note of RMB5 billion on 16 March 2020.

China Coal Energy Company Limited
Chairman and executive director
Li Yanjiang

Beijing, China
20 March 2020

As the date of this directors' report, the Executive Directors of the Company are Li Yanjiang and 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, with a view to protecting the interests of the Company and its Shareholders, all members of the Supervisory Committee of the Company discharged their powers, duties and obligations with the utmost conscientiousness and lawfully exercised their supervisory functions in accordance with relevant requirements of the Company Law of the People's Republic of China, the Articles of Association and the Rules of Procedures of the Supervisory Committee of the Company and in strict compliance with the requirements of 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 2019.

I. DETAILS OF MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date of meeting	Newspaper for information disclosure of the resolution	Date of information disclosure of the resolution
First meeting for 2019 of the fourth session of the Supervisory Committee	1 February 2019	China Securities Journal, Securities Daily	2 February 2019
Second meeting for 2019 of the fourth session of the Supervisory Committee	15 March 2019	China Securities Journal, Securities Daily	16 March 2019
Third meeting for 2019 of the fourth session of the Supervisory Committee	23 April 2019	Shanghai Securities News, Securities Times	24 April 2019
Fourth meeting for 2019 of the fourth session of the Supervisory Committee	23 August 2019	_	_
Fifth meeting for 2019 of the fourth session of the Supervisory Committee	28 October 2019	_	_

During the reporting period, the Supervisory Committee convened five on-site meetings, at which twenty resolutions in relation to the Company's 2018 annual report and its summary, the first quarterly report for 2019, the interim report for 2019 and the third quarterly report for 2019 and others were considered and approved. The Supervisory Committee also listened to reports in relation to the auditing work for the Company's key projects in 2018 and the plan arrangement for 2019.

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

In 2019, the Company focused on its main business, optimized its industrial layout, and took multiple measures to tap potentials as well as improve quality and efficiency. Thanks to these efforts, the Company rapidly expanded its operating scale, stayed ahead in overall strength in the industry, and greatly increased its profitability. 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 2019

(1) Operation of the Company in 2019 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 and 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, Dahaize Coal Mine from China Coal Shaanxi Company acquired capacity replacement quota of Yangcun Coal Mine from Xinji Energy Company; Shanxi Xiaohuigou Coal Industry Company Limited acquired capacity replacement quota of Yangcun Coal Mine from Xinji Energy Company; Pingshuo Group from China Coal Company acquired the 100% equity interest held by China Coal Group in Dongrisheng Coal Mining Co., Ltd.; the Nalin River No.2 Coal Mine from Mengda Mining Company acquired capacity replacement quota of Xinji No.3 Coal Mine from China Coal Xinji Company; Muduchaideng Coal Mine from Yihua Mining Company acquired capacity replacement quota of Yangcun Coal Mine and Xinji No.3 Coal Mine from China Coal Xinji Company; Muduchaideng Coal Mine from Yihua Mining Company acquired capacity replacement quota of Maying Coal Mine from Maying Coal Company; Nanliang Coal Mine from Nanliang Coal Company acquired capacity replacement quota of Xinji No.1 Coal Mine from China Coal Xinji Company; Nanliang Coal Mine from Nanliang Coal Company acquired capacity replacement quota of Changhong Xinjian Coal Mine from Changhong Xinjian Company; Yilan No.3 Coal Mine from Longhua Company acquired capacity replacement quota of Xishahe Coal Mine from Xishahe Coal Company. The above transactions were conducted in accordance with the principles of market pricing, and the considerations of these transactions were fair and reasonable. The Supervisory Committee did not identify any insider dealing or any circumstances that were detrimental to the interests of Shareholders or resulted in a dissipation of assets of the Company.

(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 of the Company for 2019 and the Social Responsibility Report of the Company for 2019. The Supervisory Committee is of the opinion that the self-assessment report on internal control and the social responsibility report of the Company 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 2020, the Supervisory Committee will continue to fulfill its supervisory duties faithfully and diligently in strict compliance with the Company Law, the Articles of Association of the Company and relevant provisions, and strive to fulfill its work with an aim to protect the interests of the Company and its Shareholders.

The Supervisory Committee of
China Coal Energy Company Limited
20 March 2020

Corporate Governance Report

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

I. OVERVIEW OF CORPORATE GOVERNANCE

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

The Board has reviewed the documents regarding corporate governance adopted by the Company, and believes that such documents have met the relevant code provisions as set out under the Corporate Governance Code and the Corporate Governance Report set out in Appendix 14 of the Hong Kong Listing Rules. For the year ended 31 December 2019, 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 2019.

IV. INTRODUCTION TO SHAREHOLDERS' GENERAL MEETING

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

Session of meeting	Date of meeting	Website for disclosure of the resolution	Date of disclosure of the resolution
2018 annual general meeting	28 June 2019	The websites of the SSE, the HKSE and the Company	29 June 2019

Shareholders' General Meeting:

A total of nine resolutions including resolutions on the Company's directors' report for 2018 and supervisory committee's report for 2018 were considered at the 2018 annual general meeting.

V. PERFORMANCE OF DUTIES BY DIRECTORS

Under the Articles of Association, the Board has the following principal responsibilities: to decide the Company's operational plans and investment plans; to set up 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 2019, the Board has selected applicable accounting policies, and 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 members of the Board of the Company actively participated in continuous professional training, including professional training sessions provided by the Company, which helped to keep them updated with the latest knowledge and techniques. It is ensured that all members can contribute to the Board in an appropriate and well-informed manner.

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

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

Name of director	Independent or not	Required attendance at Board meetings this year	Attendance at the Board meeting: Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence	Absent at two meetings in a row	Attendance at Shareholders' general meeting
Li Yanjiang	No	6	6	0	0	0	No	1
Peng Yi	No	6	6	0	0	0	No	0
Du Ji'an	No	6	6	0	0	0	No	0
Zhao Rongzhe	No	6	5	0	1	0	No	1
Xu Qian	No	6	6	0	0	0	No	0
Zhang Ke	Yes	6	5	0	1	0	No	1
Zhang Chengjie	Yes	6	6	0	0	0	No	1
Leung Chong Shun	Yes	6	5	0	1	0	No	1
Niu Jianhua	No	5	5	0	0	0	No	1

Note: Niu Jianhua resigned from his position on 18 November 2019 due to work adjustment.

During the reporting period, the attendance rate of Zhao Rongzhe, Zhang Ke and Leung Chong Shun at the Board meetings was 83%, while the attendance rate of other Directors at the Board meetings was 100%. 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.

During the reporting period, the attendance rate of Li Yanjiang, Niu Jianhua, Zhao Rongzhe, Zhang Ke, Zhang Chengjie and Leung Chong Shun at Shareholders' general meetings was 100%. None of the Directors was absent at two Board meetings in a row.

Number of Board meetings held during 2019	6
Including: Number of meetings held on-site	6
Number of meetings held by telecommunication	0
Number of meetings held on-site and by telecommunication	0

In 2019, the Board convened a total of six meetings, at which all the resolutions were passed after consideration. Details of the meetings are as follows:

1. The first meeting for 2019 of the fourth session of the Board convened on 1 February 2019 considered and approved 3 resolutions in relation to Acquisition of Capacity Replacement Quota of Yangcun Coal Mine from Xinji Energy Company by Dahaize Coal Mine from China Coal Shaanxi Company, Acquisition of Capacity Replacement Quota of Yangcun Coal Mine from Xinji Energy Company by Shanxi Xiaohuigou Coal Industry Company Limited and Acquisition of the 100% equity interest of Dongrisheng Coal Mining Co., Ltd. of China Coal Group by China Coal Pingshuo Group Company Limited.

2. The second meeting for 2019 of the fourth session of the Board convened on 15 March 2019 considered and approved 13 resolutions in relation to the Annual Report for 2018 of the Company and its summary, Annual Results Announcement for 2018, Directors' Report for 2018 of the Company, Financial Report for 2018 of the Company, Proposed Profit Distribution Plan for 2018 of the Company, Capital Expenditure Plan for 2019 of the Company, Appointment of Auditors for Review of the Interim Financial Report for 2019 and Audit of the Annual Financial Report for 2019, Special Report on Deposit and Actual Application of the Proceeds from the A share Issuance by the Company for 2018, Remunerations of the Directors and Supervisors of the Company for 2019, Assessment Report Regarding Internal Control for 2018 of the Company, Social Responsibility Report for 2018 of the Company, Resignation of Vice President of the Company, the Secretary to the Board and Company Secretary of the Company, Appointment of the Secretary to the Board and Company Secretary of the Company, the Proposal on Continuing to Grant to the Company the General Mandate to Issue Debt Financing Instruments. The two reports in regard to the performance of the capital expenditure plan for 2018 and the implementation of resolutions of the Board of the Company for 2018 were heard at the meeting.

3. The third meeting for 2019 of the fourth session of the Board convened on 23 April 2019 considered and approved 10 resolutions in relation to the first quarterly report for 2019 of the Company, operational performance assessment indicators of senior management for 2019 of the Company, revision of annual caps of certain continuing connected transaction during 2019 and 2020, acquisition of Capacity Replacement Quota of Xinji No.3 Coal Mine from China Coal Xinji Company by the Nalin River No.2 Coal Mine from Mengda Mining Company, acquisition of Capacity Replacement Quota of Yangcun Coal Mine and Xinji No.3 Coal Mine from China Coal Xinji Company by Muduchaideng Coal Mine from Yihua Mining Company, acquisition of Capacity Replacement Quota of Maying Coal Mine from Maying Coal Company by Muduchaideng Coal Mine from Yihua Mining Company, acquisition of Capacity Replacement Quota of Xinji No.1 Coal Mine from China Coal Xinji Company by Nanliang Coal Mine from Nanliang Coal Company, acquisition of Capacity Replacement Quota of Changhong Xinjian Coal Mine from Changhong Xinjian Company by Nanliang Coal Mine from Nanliang Coal Company, acquisition of Capacity Replacement Quota of Xishahe Coal Mine from Xishahe Coal Company by Yilan No.3 Coal Mine from Longhua Company and convening of 2018 annual general meeting of the Company. The three reports in regard to audit of key units and key projects construction of the Company for 2018 and annual schedule for 2019, safety and health work completion progress for 2018 and work arrangement for 2019, environmental protection and energy conservation work completion progress for 2018 and key work arrangement for 2019 were heard at the meeting

4. The fourth meeting for 2019 of the fourth session of the Board convened on 23 August 2019 considered and approved 1 resolution in relation to the interim report for 2019 of the Company.

5. The fifth meeting for 2019 of the fourth session of the Board convened on 28 October 2019 considered and approved 2 resolutions in relation to the third quarterly report for 2019 of the Company, remuneration payment plan of senior management of the Company for 2018 and annual base salary plan for senior management of the Company for 2019. One report in relation to material risk management and control of the Company for 2019 was heard at the meeting.

6. The sixth meeting for 2019 of the fourth session of the Board convened on 18 November 2019 considered and approved 1 resolution in relation to the resignation of President of the Company.

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

There are currently three independent non-executive Directors in the Board. The Work System of Independent Directors of the Company clearly defines the employment requirements, independence, nomination, election and replacement criteria, and the duties and obligations of independent 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 Directors to review material connected transactions, the Company also empowers the independent Directors with the duty to propose to appoint or remove accounting firms to the Board and other duties.

During the reporting period, the independent Directors 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 2019, 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 Directors upheld the legal rights of Shareholders, especially the minority Shareholders independently and objectively, fully exploiting the functions of independent Directors.

For the attendance of independent non-executive Directors at Board meetings and Shareholders' general meetings, please refer 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 2019

No.	Shareholders' General Meeting	Subject Matter	Status
1	2018 annual general meeting	To approve the appointment of external auditors for 2019	Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were appointed as auditors of the Company for 2019 to provide review and audit services regarding the annual financial report in accordance with PRC GAAP and IFRS respectively

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

As of 31 December 2019, 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 statements, 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; preparing significant accounting policies and practices adopted by 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 2019, the audit and risk management committee held a total of seven meetings, at which the resolutions such as the Company's 2018 annual report and its summary, 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 2018 and the reports on the audit plan of the Company for 2019 were heard. All the resolutions were approved at respective meetings and all the members of the audit and risk management committee attended all the seven meetings in person, exclusive of Chairman Zhang Ke, member Zhao Rongzhe and member Leung Chong Shun, who were absent for one meeting with special leave, respectively.

(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 of the Board 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 plans 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 Hong Kong Listing Rules. The strategic planning committee is accountable to the Board.

In 2019, the strategic planning committee held one meeting, at which the resolutions such as the resolutions in relation to the 2018 annual report and its summary of the Company and 2019 capital expenditure plan of the Company were considered and the report on the performance of the 2018 capital expenditure plan of the Company was heard. All the resolutions were approved at the meeting. 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 to the Board, to 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 Hong Kong Listing Rules. The remuneration committee is accountable to the Board.

In 2019, the remuneration committee held three meetings, at which the resolutions in relation to the remunerations of the Directors and Supervisors for 2019, operational performance assessment indicators for senior management for 2019, as well as remuneration payment plan for senior management for 2018 and annual base salary plan for senior management for 2019 were considered. All the resolutions were approved at the meetings and all the members (exclusive of Chairman Leung Chong Shun and member Zhang Ke, who were absent for one meeting with special leave respectively) 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 to assess the independence of the independent non-executive Directors. The responsibilities of nomination committee comply with the relevant requirements of the Hong Kong Listing Rules. The nomination committee is accountable to the Board.

Pursuant to the relevant provisions of the Corporate Governance Code, 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 suit 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, 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 according to 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 and give recommendations (if needed) to the Board for improvement.

In 2019, the nomination committee held one meeting, at which the resolutions in relation to the proposal on the resignation of vice president of the Company, the secretary to the Board and company secretary of the Company and appointment of the secretary to the Board and company secretary of the Company were considered. All the resolutions were approved at the meetings and all the members of the nomination committee attended the meeting in person.

(5) Safety, Health and Environmental Protection Committee

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

In 2019, the safety, health and environmental protection committee held one meeting, at which the resolutions such as the 2018 annual report and its summary and the 2018 social responsibility report of the Company were considered, all the resolutions were approved at the meeting and all the members of the safety, health and environmental protection committee attended the 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 (if any) for employees and the Directors; to review the Company's compliance with the Corporate Governance Code and disclosures made in the Corporate Governance Report; to formulate and review regularly the Shareholders' communications policies to ensure their effectiveness.

During the reporting period, the Board reviewed a series of corporate governance documents and monitored the implementation of these documents from time to time; reviewed and keenly organised training and continuous professional development for the Directors and senior management; reviewed and monitored the Company to identify any violation of laws and regulatory requirements; approved the Company's Corporate Governance Report for 2018 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 president is accountable to the Board. 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 2019, the Company's chairman was Mr. Li Yanjiang. The president Mr. Niu Jianhua resigned from his position on 18 November 2019 due to work reallocation, the duty of which was temporarily performed by Mr. Pu Jin, the vice president of the Company. 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, 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 business 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 2019, 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 2019 was RMB11,000,000 in aggregate (including Shanghai Energy Company), 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 representatives and one employee representative. 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 affairs of the Company and whether the Directors and Senior Management of the Company have performed their duties lawfully.

The Supervisory Committee held five meetings during the reporting period.

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

Supervisor	Attendance in person	Attendance by proxy	Attendance rate(%)
Zhou Litao	4	1	80
Wang Wenzhang	5	0	100
Zhang Shaoping	5	0	100

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. Necessary connected transactions were carried out in a reasonable manner in accordance with the routine connected transactions and their caps considered and approved by the Board and Shareholders' general meeting of the Company. The consideration of connected transactions is determined in accordance with the pricing principle stipulated in the framework agreement, therefore is fair and reasonable and in the interest of the Shareholders as a whole.

The Company remained committed to its connected transaction budget management, monthly monitoring, cap alert and regular discussion mechanisms to reinforce the management foundation through the strengthening of compliance training, in-depth research and study, dynamic management and the regular update of connected party lists. With the help of electronic statistic software, the Company controlled the actual monthly amounts of connected transactions, analysed and studied problems of related enterprises identified in the course of management of connected transactions to instruct and urge related enterprises to eliminate hidden problems, thus ensuring 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 the approval and disclosure procedures for non-continuing connected transactions were conducted in a timely manner.

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

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

1. Statement of the Board

In accordance with the regulations of enterprise internal control regulated systems and the relevant requirements under the Corporate Governance Code 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 eliminate 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 risk control systems through establishing an effective organisational function system for risk management and internal control, which provides reasonable assurance for the Company to achieve strategic goals and sustainable development.

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

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

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

The Second Line of Defense: Department of Legal Affairs, the functional body of risk management, mainly responsible for the core management and organization 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 and examining 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 for identifying, assessing and managing material risks

The Company has set up procedures to identify, assess and manage material risks 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.

(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 insider information should be disclosed and review the effectiveness of insider information management on a monthly basis.

(5) Measures for responding to material internal control deficiency

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

3. Review of Risk Management and Internal Control Systems

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 2019, 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. 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.

In order to reasonably ensure the effectiveness of the risk management and internal control systems, and the quality of the internal review, 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 cover 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.

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 2019, 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 Committee, 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 Committee, Risk Management Committee and the Board. The consolidated financial statements is 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

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 107 to 251, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 coal mines, coal chemical business and the electricity generating business related non-current assets	
We identified impairment assessment on coal mines, coal chemical business and the electricity generating business related non-current assets owing to the significance of the carrying amount of the non-current assets and the significant judgment made by the management in determining the recoverable amounts of the corresponding cash-generating units ("CGUs"). 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, coal chemical business and electricity generating business having impairment indications. The management performed impairment assessment to the related CGUs and recognised impairment losses amounting to RMB0.41 billion for the year ended 31 December 2019. The carrying amount of these assets amounted to RMB6.29 billion (after taking into account the accumulated impairment losses). The impairment assessment involves the management's judgment in certain areas including the future coal price, production volume, production costs, capital expenditures and discount rates.	Our procedures in relation to impairment assessment on coal mines, coal chemical business and the electricity generating business related non-current assets 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 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 IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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, related safeguards.

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 Yen Sau Yin, Emily.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
20 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	**Year ended 31 December 2019 *RMB'000***	Year ended 31 December 2018 *RMB'000* (Restated)
Revenue	*8*	**129,293,733**	104,140,084
Cost of sales			
Materials used and goods traded		**(67,282,782)**	(53,878,707)
Staff costs		**(5,531,552)**	(4,541,755)
Depreciation and amortisation		**(9,208,215)**	(6,939,583)
Repairs and maintenance		**(1,861,732)**	(1,529,732)
Transportation costs and port expenses		**(12,435,442)**	(9,991,572)
Sales taxes and surcharges		**(3,485,631)**	(2,835,230)
Others		**(8,491,306)**	(6,167,158)
Cost of sales	*12*	**(108,296,660)**	(85,883,737)
Gross profit		**20,997,073**	18,256,347
Selling expenses	*12*	**(910,698)**	(679,078)
General and administrative expenses	*12*	**(4,619,442)**	(4,738,950)
Other income		**968**	4,810
Other gains and losses	*9*	**(310,696)**	(933,085)
Impairment losses under expected credit loss model, net of reversal	*11*	**18,033**	(136,397)
Profit from operations		**15,175,238**	11,773,647
Finance income	*10*	**153,678**	702,931
Finance costs	*10*	**(4,907,540)**	(4,359,931)
Share of profits of associates and joint ventures		**2,597,358**	1,808,651
Profit before income tax		**13,018,734**	9,925,298
Income tax expense	*15*	**(3,499,326)**	(2,534,776)
Profit for the year		**9,519,408**	7,390,522
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		**12,915**	–
Fair value changes on equity instruments at fair value through other comprehensive income, net of tax		**(74,174)**	(172,595)
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		**16,048**	20,989
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		**11,472**	–
Exchange differences arising on translation of foreign operations		**6,182**	(18,138)
Other comprehensive expense for the year, net of tax		**(27,557)**	(169,744)
Total comprehensive income for the year		**9,491,851**	7,220,778

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	**Year ended 31 December 2019 *RMB'000***	Year ended 31 December 2018 *RMB'000* (Restated)
Profit for the year attributable to:			
Equity holders of the Company		**6,197,168**	4,406,148
Non-controlling interests		**3,322,240**	2,984,374
		9,519,408	7,390,522
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**6,160,840**	4,238,829
Non-controlling interests		**3,331,011**	2,981,949
		9,491,851	7,220,778
Basic and diluted earnings per share for the profit attributable to equity holders of the Company *(RMB)*	*17*	**0.47**	0.33

Consolidated Statement of Financial Position

At 31 December 2019

	Notes	As at 31 December 2019 RMB'000	2018 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	18	**129,997,871**	132,082,343
Right-of-use assets	19	**433,788**	–
Investment properties		**79,903**	83,458
Mining rights	20	**38,880,087**	35,552,718
Intangible assets	21	**1,627,726**	1,689,402
Land use rights	22	**6,154,374**	5,320,455
Goodwill		**6,084**	6,084
Investments in associates	23(b)	**20,886,640**	16,860,313
Investments in joint ventures	23(c)	**3,289,977**	2,966,392
Equity instruments at fair value through other comprehensive income	24	**2,328,755**	4,563,851
Deferred income tax assets	38	**2,775,209**	2,838,271
Long-term receivables	25	**250,012**	560,950
Other non-current assets	26	**10,732,928**	6,772,189
		217,443,354	209,296,426
Current assets			
Inventories	27	**8,170,288**	8,279,763
Trade receivables	28	**7,316,222**	4,881,389
Debt instruments at fair value through other comprehensive income	28	**6,897,430**	9,989,407
Contract assets	29	**953,581**	1,014,869
Prepayments and other receivables	30	**6,084,181**	6,931,799
Restricted bank deposits	31	**3,376,327**	3,351,932
Term deposits with initial terms of over three months	31	**10,090,101**	12,155,112
Cash and cash equivalents	31	**12,137,419**	8,372,119
		55,025,549	54,976,390
TOTAL ASSETS		**272,468,903**	264,272,816
Current liabilities			
Trade and notes payables	32	**23,249,507**	22,931,854
Contract liabilities	33	**2,588,765**	2,478,903
Accruals, advances and other payables	34	**18,764,686**	18,117,698
Taxes payable		**1,000,575**	1,173,679
Lease liabilities	35	**67,329**	–
Short-term borrowings	36	**4,266,347**	6,307,547
Current portion of long-term borrowings	36	**22,673,139**	11,845,531
Current portion of long-term bonds	37	**10,991,992**	5,979,779
Current portion of provision for close down, restoration and environmental costs	39	**69,762**	13,310
		83,672,102	68,848,301

Consolidated Statement of Financial Position

At 31 December 2019

		As at 31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Non-current liabilities			
Long-term borrowings	*36*	**34,374,705**	45,317,056
Long-term bonds	*37*	**21,934,045**	27,911,367
Deferred income tax liabilities	*38*	**5,866,547**	5,929,183
Lease liabilities	*35*	**436,194**	–
Provision		**35,457**	45,713
Provision for employee benefits		**101,142**	120,480
Provision for close down, restoration and environmental costs	*39*	**3,247,028**	1,450,265
Deferred revenue	*40*	**1,578,842**	1,666,924
Other long-term liabilities	*41*	**4,001,921**	2,483,541
		71,575,881	84,924,529
Total liabilities		**155,247,983**	153,772,830
Equity			
Share capital	*42*	**13,258,663**	13,258,663
Reserves	*43*	**47,082,724**	46,304,712
Retained earnings	*43*	**36,677,706**	32,387,797
Equity attributable to equity holders of the Company		**97,019,093**	91,951,172
Non-controlling interests		**20,201,827**	18,548,814
Total equity		**117,220,920**	110,499,986
TOTAL EQUITY AND LIABILITIES		**272,468,903**	264,272,816

The consolidated financial statements on pages 107 to 251 were approved and authorised for issue by the Board of Directors on 20 March 2020 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 2019

	Attributable to 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*
Balance at 1 January 2018	13,258,663	45,411,527	30,736,566	89,406,756	17,098,289	106,505,045
Total comprehensive income						
Profit for the year (restated)	–	–	4,406,148	4,406,148	2,984,374	7,390,522
Other comprehensive expense, net of tax	–	(167,319)	–	(167,319)	(2,425)	(169,744)
Total comprehensive (expense) income (restated)	–	(167,319)	4,406,148	4,238,829	2,981,949	7,220,778
Appropriations *(Note 43)*	–	1,403,569	(1,403,569)	–	–	–
Share of other change of reserves of associates and joint ventures	–	(4,844)	4,844	–	–	–
Acquisition of subsidiaries under common control in 2018 *(Note 3)*	–	(285,210)	(585,555)	(870,765)	(513,821)	(1,384,586)
Business combination under common control in 2019	–	1,000	46,878	47,878	–	47,878
Acquisition of non-controlling interests	–	–	(88,140)	(88,140)	(116,827)	(204,967)
Contributions	–	16,523	–	16,523	2,750	19,273
Dividends	–	–	(729,375)	(729,375)	(904,206)	(1,633,581)
Others	–	(70,534)	–	(70,534)	680	(69,854)
Balance at 31 December 2018 (restated)	13,258,663	46,304,712	32,387,797	91,951,172	18,548,814	110,499,986

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to 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*
Balance at 31 December 2018 (originally stated)	**13,258,663**	**46,303,712**	**32,423,108**	**91,985,483**	**18,548,814**	**110,534,297**
Effect of business combination under common control in 2019 *(Note 3)*	**–**	**1,000**	**(35,311)**	**(34,311)**	**–**	**(34,311)**
Balance at 31 December 2018 (restated)	**13,258,663**	**46,304,712**	**32,387,797**	**91,951,172**	**18,548,814**	**110,499,986**
Adjustments *(Note 4)*	**–**	**–**	**(30,539)**	**(30,539)**	**(18,378)**	**(48,917)**
Balance at 1 January 2019 (restated)	**13,258,663**	**46,304,712**	**32,357,258**	**91,920,633**	**18,530,436**	**110,451,069**
Total comprehensive income						
Profit for the year	**–**	**–**	**6,197,168**	**6,197,168**	**3,322,240**	**9,519,408**
Other comprehensive (expense) income, net of tax	**–**	**(36,328)**	**–**	**(36,328)**	**8,771**	**(27,557)**
Total comprehensive (expense) income	**–**	**(36,328)**	**6,197,168**	**6,160,840**	**3,331,011**	**9,491,851**
Transfer	**–**	**(157,395)**	**157,395**	**–**	**–**	**–**
Appropriations *(Note 43)*	**–**	**873,467**	**(873,476)**	**(9)**	**(6)**	**(15)**
Share of other change of reserves of associates and joint ventures	**–**	**122,586**	**(122,586)**	**–**	**–**	**–**
Acquisition of subsidiaries under common control in 2019 *(Note 3)*	**–**	**(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 subsidiaries *(Note 44)*	**–**	**–**	**–**	**–**	**(350,227)**	**(350,227)**
Balance at 31 December 2019	**13,258,663**	**47,082,724**	**36,677,706**	**97,019,093**	**20,201,827**	**117,220,920**

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	**Year ended 31 December 2019 RMB'000**	Year ended 31 December 2018 RMB'000 (Restated)
Cash flows from operating activities			
Cash generated from operations	*45.1*	**25,658,372**	23,037,006
Income tax paid		**(3,674,455)**	(2,611,423)
Net cash generated from operating activities		**21,983,917**	20,425,583
Cash flows from investing activities			
Purchases of property, plant and equipment		**(9,351,038)**	(9,229,729)
Proceeds from disposals of property, plant and equipment		**69,829**	83,147
Payments for land use rights, mining rights and intangible assets		**(1,594,499)**	(204,717)
Proceeds from disposals of land use rights, mining rights and intangible assets		**4,011**	5,790
Purchases of equity instruments at fair value through other comprehensive income		**(105,000)**	(1,080,000)
Cash injections in associates and joint ventures		**(26,001)**	(100,000)
Proceeds from disposals of investment in associates		**–**	2,830
Dividends received		**941,361**	1,086,282
Loan repayment from joint ventures and associates		**150,000**	402,000
Loan repayment from parent company and fellow subsidiaries		**2,784,002**	4,653,000
Loans granted to parent company and fellow subsidiaries		**(4,090,000)**	(4,495,695)
Interest income on loans to fellow subsidiaries		**172,398**	66,961
Interest income on loans to joint ventures		**20,262**	6,120
Interest income on term deposits		**439,296**	167,317
Placement of term deposits with initial terms of over three months		**–**	(5,980,801)
Withdrawal of term deposits with initial terms of over three months		**2,065,011**	–
Disposal of subsidiaries	*44*	**(136,644)**	–
Net cash used in investing activities		**(8,657,012)**	(14,617,495)

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2018 *RMB'000* (Restated)
Cash flows from financing activities		
Proceeds from borrowings	**20,459,511**	19,093,495
Repayment of borrowings	**(21,575,224)**	(21,625,457)
Contributions from non-controlling interests	**31,576**	2,750
Dividends paid to the Company's shareholders	**(1,034,176)**	(729,375)
Dividends paid to non-controlling interests	**(1,120,099)**	(731,496)
Acquisition of non-controlling interest of subsidiaries	**(6,000)**	(408,415)
Acquisition of subsidiaries under common control	**(24,318)**	(2,048,517)
Interest paid	**(5,079,199)**	(5,105,429)
Net proceeds from issuance of long-term bonds	**4,983,333**	6,990,081
Repayment of short-term bonds	**–**	(3,000,000)
Repayment of long-term bonds	**(6,000,000)**	–
Repayments of lease liabilities	**(90,130)**	–
Bonds issuance costs	**(111,346)**	(51,919)
Addition from acquisition of subsidiary under common control	**–**	13,656
Net cash used in financing activities	**(9,566,072)**	(7,600,626)
Net increase (decrease) in cash and cash equivalents	**3,760,833**	(1,792,538)
Cash and cash equivalents at beginning of the year	**8,372,119**	10,176,683
Effect of foreign exchange rate changes	**4,467**	(12,026)
Cash and cash equivalents at end of the year	**12,137,419**	8,372,119

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 2019, the Group's current liabilities exceeded its current assets by approximately RMB28,647 million. When the Group needs money to repay the short-term debts or make investment, the Group can finance the fund by the following ways:

- 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 note up to a maximum outstanding amount of RMB5,000,000,000;

- 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, bearing interest at the coupon rate of 3.60% per annum paid annually with a term of 5 years.

- 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 2018 Acquisitions

The Group completed the acquisition from China Coal Group the 100% equity interest in SDIC Jincheng Energy Investment Co., Ltd. ("Jincheng Energy"), which was previously acquired by China Coal Group on 1 January 2017, for a cash consideration of RMB1,712,545,000 on 25 June 2018.

The Group completed the acquisition from China Coal Group the 100% equity interest in China Coal Electrical Ltd. for a cash consideration of RMB257,465,000 on 21 August 2018, the 100% equity interest in China Coal Equipment Engineering Consulting Co., Ltd. for a cash consideration of RMB8,620,000 on 27 August 2018, the 100% equity interest in Shanxi China Coal Resources Comprehensive Utilisation Co., Ltd. for a cash consideration of RMB34,887,000 on 30 August 2018, and the 100% equity interest in China Coal Information Technology (Beijing) Co., Ltd. for a cash consideration of RMB35,000,000 on 31 August 2018. The acquisitions were collectively referred to as the "2018 Acquisitions". Pursuant to the agreement entered into between the Group and China Coal Group for the acquisition of Jincheng Energy, the Group expected to receive the refunds from China Coal Group amounting to RMB663,931,000 due to the adjustment on the charges on transfers of mining rights and the adjusted consideration is RMB1,048,614,000.

3.2 2019 Acquisition

On 19 March 2019, the Group acquired 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. The acquisition was referred to as the "2019 Acquisition".

As the Group and Dongrisheng Company were under common control of China Coal Group before and after the 2019 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 Dongrisheng 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 2018 have been restated to include the assets and liabilities of Dongrisheng 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 of the Group have been prepared as if Dongrisheng Company was a subsidiary of the Group since 1 January 2018, the date which Dongrisheng Company first came under common control of China Coal Group.

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 2019 Acquisition (continued)

As a result of the 2019 Acquisition, the relevant line items in the consolidated statement of financial position as at 31 December 2018 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 2019 Acquisition** *RMB'000*	**Eliminations** *RMB'000*	**The Group (restated)** *RMB'000*
Consolidated statement of financial position at 31 December 2018:				
Non-current assets				
Property, plant and equipment	131,907,922	174,421	–	132,082,343
Current assets				
Inventories	8,252,752	27,011	–	8,279,763
Trade receivables	4,881,389	366,767	(366,767)	4,881,389
Prepayments and other receivables	7,445,110	18	(513,329)	6,931,799
Cash and cash equivalents	8,353,662	18,457	–	8,372,119
Current liabilities				
Trade and notes payables	23,252,942	45,679	(366,767)	22,931,854
Accruals, advances and other payables	18,072,853	459,174	(414,329)	18,117,698
Taxes payable	1,156,547	17,132	–	1,173,679
Current portion of long-term borrowings	11,845,531	99,000	(99,000)	11,845,531
Equity				
Share capital	13,258,663	1,000	(1,000)	13,258,663
Reserves	46,303,712	–	1,000	46,304,712
Retained earnings	32,423,108	(35,311)	–	32,387,797

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

3.2 2019 Acquisition (continued)

As a result of the 2019 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 2018, 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 2019 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 2018:				
Revenue	**104,140,066**	**18**	**–**	**104,140,084**
Cost of sales	**(85,883,001)**	**(736)**	**–**	**(85,883,737)**
General and administrative expenses	**(4,679,783)**	**(59,167)**	**–**	**(4,738,950)**
Other gains and losses	**(915,043)**	**(18,042)**	**–**	**(933,085)**
Finance income	**702,878**	**53**	**–**	**702,931**
Finance costs	**(4,355,616)**	**(4,315)**	**–**	**(4,359,931)**
Consolidated statement of cash flows for the year ended 31 December 2018:				
Net cash generated from (used in):				
Operating activities	**20,414,373**	**11,210**	**–**	**20,425,583**
Investing activities	**(14,611,086)**	**(6,409)**	**–**	**(14,617,495)**
Financing activities	**(7,614,282)**	**13,656**	**–**	**(7,600,626)**

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

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

IFRS 16	*Leases*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to IFRSs	*Annual Improvements to IFRS Standards 2015-2017 Cycle*

Except as described below, the application of the new and amendments to IFRSs in the current year has 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 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

4.1 IFRS 16 Leases (continued)

As a lessee (continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.90%.

	At 1 January 2019 ***RMB'000***
Operating lease commitments disclosed as at 31 December 2018	**723,130**
Lease liabilities discounted at relevant incremental borrowing rates	**538,688**
Lease liabilities relating to operating leases recognised upon application of IFRS 16	**538,688**
Lease liabilities as at 1 January 2019	**538,688**
Analysed as	
Current	**60,485**
Non-current	**478,203**
	538,688

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

4.1 IFRS 16 Leases (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	473,465
By class:	
Land and buildings	473,465

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. There is no material impact on the consolidated financial statements of the Group for the current year.

The following table summarises the impact of transition to IFRS 16 on retained earnings at 1 January 2019.

	Impact of adopting IFRS 16 At 1 January 2019 ***RMB'000***
Retained Earnings	
Recognition of right-of-use assets relating to operating leases	**473,465**
Recognition of lease liabilities relating to operating leases	**(538,688)**
Tax effects	**16,306**
Non-controlling interests	**18,378**
Impact at 1 January 2019	**(30,539)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

4.1 IFRS 16 Leases (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts after restatement at 31 December 2018 *RMB'000* *(Note 3.2)*	Adjustments *RMB'000*	Carrying amounts under IFRS 16 at 1 January 2019 *RMB'000*
Non-current Assets			
Right-of-use assets	–	473,465	473,465
Deferred income tax assets	2,838,271	16,306	2,854,577
Equity			
Retained earnings	32,387,797	(30,539)	32,357,258
Non-controlling interests	18,548,814	(18,378)	18,530,436
Current Liabilities			
Lease liabilities	–	60,485	60,485
Non-current Liabilities			
Lease liabilities	–	478,203	478,203

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 10 and IAS 28	*Sale 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*[5]
Amendments to IAS 1 and IAS 8	*Definition of Material*[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of these new and amendments to IFRSs 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 IFRSs issued by the International Accounting Standards Board. 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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

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

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

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 (since 1 January 2019) or IAS 17 (before application of 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*.

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 equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to 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 IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* 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

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.

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; and

- 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.

- 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 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 and 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

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 (upon application of IFRS 16 in accordance with transitions in Note 4)

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

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 4)

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 4) (continued)

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.

Refundable rental deposits

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in Note 4) (continued)

Lease liabilities

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

The lease payments include:

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

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

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

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

The Group as a lessee (prior to 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (prior to 1 January 2019) (continued)

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

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.

The Group as a lessor (upon application of IFRS 16 in accordance with transitions in Note 4)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies 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.

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 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

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

Short-term and other long-term employee benefits

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

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

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

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

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

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

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 acquired separately

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 property, plant and equipment, right-of-use assets 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 and intangible assets with finite useful lives 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 and intangible assets 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 addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 property, plant and equipment, right-of-use assets 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) 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 ("FVTPL"), except that at the date of initial application of IFRS 9/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 fellow subsidiaries, amounts due from related parties/third parties and bank 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, 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 of default 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 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 (since 1 January 2019) or IAS 17 (prior to 1 January 2019).

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 expected loss 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 or cater for cases where evidence at the individual instrument level may not yet be available, 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, trade and notes payables, other payables, short-term and long-term bonds 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)

(a) 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 non-current assets

Non-current assets, including property, plant and equipment, right-of-use assets, land use rights, mining rights and intangible assets, are carried at cost less accumulated depreciation or amortisation. 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.

The management identified the non-current assets relating to one underperformed coal mine, coal chemical business and electricity generating business having impairment indications. The management performed impairment assessment to the related cash-generating units ("CGUs") and recognised impairment losses amounting to RMB0.41 billion for the year ended 31 December 2019 which are detailed in Notes 18 and 20. The carrying amount of these assets amounted to RMB6.29 billion (after taking into account the accumulated impairment losses).

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

Key sources of estimation uncertainty (continued)

(a) Impairment of non-current assets (continued)

The gross carrying amounts of the coal mine CGU is RMB1.14 billion (before taking into account the accumulated impairment losses) including property, plant and equipment amounting to RMB0.37 billion and mining rights amounting to RMB0.77 billion. The accumulated impairment losses recognised on the CGU is RMB0.63 billion. The carrying amounts of property, plant and equipment and mining rights are RMB0.51 billion and are detailed in Notes 18 and 20.

Management performed impairment tests on such CGU with impairment indicators. The recoverable amount of the coal mine CGU is its fair value less costs of disposal, the fair value is based on the discounted cash flow model. 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 rates: weighted average cost of capital reflecting the specific risk to the CGUs that market participants would use.

The gross carrying amounts of the coal chemical business and the electricity generating business CGUs is RMB6.44 billion (before taking into account the accumulated impairment losses), including property, plant and equipment amounting to RMB6.11 billion, intangible assets amounting to RMB0.08 billion and land use rights amounting to RMB0.25 billion. The accumulated impairment losses recognised on these CGUs is RMB0.66 billion. The carrying amounts of these property, plant and equipment, intangible assets and land use rights are RMB5.78 billion and are detailed in Notes 18, 21 and 22.

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

Key sources of estimation uncertainty (continued)

(a) Impairment of non-current assets (continued)

Management performed impairment tests on such CGUs with impairment indicators. The recoverable amount of the CGUs is based on value in use. 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 rates: weighted average cost of capital reflecting the specific risk to the CGUs.

Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

(b) Useful lives of property, plant and equipment

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

(c) Coal reserve estimates

Coal reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. 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.

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

Key sources of estimation uncertainty (continued)

(c) Coal reserve estimates (continued)

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. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. At every reporting date, the historical observed default 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 and the Group's trade receivables are disclosed in Note 48.2.

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 2019, certain of the Group's financial assets, being unquoted equity instruments amounting to RMB2,304,025,000 (2018: RMB4,538,286,000), are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 48.3 for further disclosures.

7. SEGMENT INFORMATION

7.1 General information

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

The Chief Operating Decision Maker ("CODM") has been identified as 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

	For the year ended and as at 31 December 2019								
	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 results									
Revenue									
Total revenue	104,507,674	17,772,016	8,269,501	1,182,305	5,440,614	137,172,110	–	(7,878,377)	129,293,733
Inter-segment revenue	(4,888,733)	(260,308)	(1,248,478)	(406,202)	(1,074,656)	(7,878,377)	–	7,878,377	–
Revenue from external customers	99,618,941	17,511,708	7,021,023	776,103	4,365,958	129,293,733	–	–	129,293,733
Profit/(loss) from operations	13,133,823	2,484,194	303,687	763,115	(906,987)	15,777,832	(424,409)	(178,185)	15,175,238
Profit/(loss) before income tax	12,342,933	2,669,489	244,386	763,115	(1,089,146)	14,930,777	(1,893,803)	(18,240)	13,018,734
Interest income	373,743	50,926	15,832	–	16,927	457,428	1,421,888	(1,725,638)	153,678
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)	(647,868)	(9,664,166)	(18,078)	–	(9,682,244)
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)	167,676	(3,348,552)	(153,072)	2,298	(3,499,326)
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)	(388)	(77,729)	–	–	(77,729)
Segment assets and liabilities									
Total assets	158,821,352	58,857,474	16,471,627	22,301,344	11,501,957	267,953,754	21,198,514	(16,683,365)	272,468,903
Including: investment in associates and joint ventures	7,581,633	11,734,418	901,124	–	105,000	20,322,175	3,854,442	–	24,176,617
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
Total liabilities	69,538,778	29,407,744	6,865,944	19,835,299	8,326,115	133,973,880	35,844,113	(14,570,010)	155,247,983

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)

	For the year ended and as at 31 December 2018 (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 results									
Revenue									
Total revenue	80,911,723	18,006,213	7,051,536	–	3,850,572	109,820,044	–	(5,679,960)	104,140,084
Inter-segment revenue	(3,817,457)	(140,112)	(866,623)	–	(855,768)	(5,679,960)	–	5,679,960	–
Revenue from external customers	77,094,266	17,866,101	6,184,913	–	2,994,804	104,140,084	–	–	104,140,084
Profit/(loss) from operations	10,825,899	2,024,326	211,691	(23,244)	(900,878)	12,137,794	(379,911)	15,764	11,773,647
Profit/(loss) before income tax	9,967,272	1,937,179	105,247	710,847	(967,005)	11,753,540	(1,844,007)	15,765	9,925,298
Interest income	53,841	30,663	4,651	935,540	7,087	1,031,782	1,506,247	(1,835,098)	702,931
Interest expense	(1,406,662)	(1,340,035)	(109,463)	(199,626)	(71,988)	(3,127,774)	(3,067,014)	1,831,154	(4,363,634)
Depreciation and amortisation	(4,391,943)	(2,352,824)	(367,250)	(1,252)	(470,503)	(7,583,772)	(16,279)	–	(7,600,051)
Share of profits/(losses) of associates and joint ventures	476,105	1,221,942	(4,858)	–	–	1,693,189	115,462	–	1,808,651
Income tax (expense)/credit	(2,189,483)	(299,559)	(10,728)	(164,789)	136,990	(2,527,569)	(94)	(7,113)	(2,534,776)
Other material non-cash items									
Provision for impairment of property, plant and equipment	(479,576)	(377,924)	(8,956)	–	–	(866,456)	–	–	(866,456)
(Provision for)/reversal of impairment of other assets	(313,376)	(50,464)	11,530	(61,391)	(10,244)	(423,945)	–	44,691	(379,254)
Segment assets and liabilities									
Total assets	145,596,933	60,726,406	17,220,229	15,632,596	14,618,717	253,794,881	25,512,160	(15,034,225)	264,272,816
Including: investment in associates and joint ventures	4,343,437	10,893,841	902,483	–	(5,267)	16,134,494	3,692,211	–	19,826,705
Addition to non-current assets	11,261,351	859,377	769,342	4	1,095,116	13,985,190	32,702	–	14,017,892
Total liabilities	48,609,525	22,534,456	7,357,100	9,125,889	6,342,280	93,969,250	70,569,580	(10,766,000)	153,772,830

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	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**127,967,031**	103,677,940
Overseas markets	**1,326,702**	462,144
	129,293,733	104,140,084

Analysis of non-current assets

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Domestic markets	**207,325,817**	201,170,188
Overseas markets	**771**	364
	207,326,588	201,170,552

Note: The non-current assets above exclude equity instruments at FVTOCI, deferred income tax assets, entrusted loans, loans to fellow subsidiaries and other receivables (other than finance lease receivables).

No revenue from transactions with a single external customer amounts to 10% or more of the Group's revenue for both 2019 and 2018.

8. REVENUE

	2019 RMB'000	2018 RMB'000 (Restated)
Goods and services	**128,290,091**	103,918,482
Rental income	**227,539**	221,602
Interest income	**776,103**	–
	129,293,733	104,140,084

(i) Disaggregation of revenue from contracts with customers:

	For the year ended 31 December 2019				
	Coal RMB'000	Coal-chemical products RMB'000	Mining machinery RMB'000	Others RMB'000	Total RMB'000
Sales of goods					
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	263,626	366,803	916,584
	99,304,455	17,474,303	6,848,545	3,864,974	127,492,277
Revenue from services					
Agent service	7,427	–	17,816	264,689	289,932
Railway service	–	–	–	148,299	148,299
Others	125,198	32,011	122,064	80,310	359,583
	132,625	32,011	139,880	493,298	797,814
Geographical markets					
Domestic markets	98,883,172	16,790,870	6,949,813	4,339,534	126,963,389
Overseas markets	553,908	715,444	38,612	18,738	1,326,702
	99,437,080	17,506,314	6,988,425	4,358,272	128,290,091

8. REVENUE (CONTINUED)

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

	For the year ended 31 December 2018 (Restated)				
	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Others *RMB'000*	Total *RMB'000*
Sales of goods					
Sales of coal	76,695,850	–	–	–	76,695,850
Sales of coal-chemical products	–	17,668,177	–	–	17,668,177
Sales of mining machinery	–	–	5,269,179	–	5,269,179
Sales of electric power	–	–	–	1,352,570	1,352,570
Sales of aluminum products	–	–	–	708,410	708,410
Others	64,039	167,355	760,150	159,996	1,151,540
	76,759,889	17,835,532	6,029,329	2,220,976	102,845,726
Revenue from services					
Agent service	38,677	–	14,003	501,173	553,853
Railway service	–	–	–	159,524	159,524
Others	116,895	30,545	109,846	102,093	359,379
	155,572	30,545	123,849	762,790	1,072,756
Geographical markets					
Domestic markets	76,521,446	17,866,077	6,105,756	2,963,059	103,456,338
Overseas markets	394,015	–	47,422	20,707	462,144
	76,915,461	17,866,077	6,153,178	2,983,766	103,918,482

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.

	For the year ended 31 December 2019			
	Segment revenue	**Eliminations**	**Less: rental and interest income**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***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**	**(1,248,478)**	**(32,598)**	**6,988,425**
Finance	**1,182,305**	**(406,202)**	**(776,103)**	**–**
Others	**5,440,614**	**(1,074,656)**	**(7,686)**	**4,358,272**
Total revenue	**137,172,110**	**(7,878,377)**	**(1,003,642)**	**128,290,091**

	For the year ended 31 December 2018 (Restated)			
	Segment revenue	Eliminations	Less: rental income	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Coal	80,911,723	(3,817,457)	(178,805)	76,915,461
Coal-chemical products	18,006,213	(140,112)	(24)	17,866,077
Mining machinery	7,051,536	(866,623)	(31,735)	6,153,178
Others	3,850,572	(855,768)	(11,038)	2,983,766
Total revenue	109,820,044	(5,679,960)	(221,602)	103,918,482

(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.

9. OTHER GAINS AND LOSSES

	2019 ***RMB'000***	2018 *RMB'000* (Restated)
Impairment loss of:		
– mining rights	**(9,224)**	(99,335)
– property, plant and equipment	**(592,415)**	(866,456)
– prepayments	**(16,545)**	(506)
– other non-current assets	**(62,400)**	–
Gain or loss on disposal of:		
– property, plant and equipment	**(13,517)**	(69,259)
– subsidiaries	**143**	–
– investments in associates	**7,440**	380
– intangible assets	**–**	(27,901)
Government grants	**185,431**	282,288
Others	**190,391**	(152,296)
	(310,696)	(933,085)

10. FINANCE INCOME AND COSTS

	2019 *RMB'000*	2018 *RMB'000* (Restated)
Finance income:		
– Interest income on bank deposits	**82,700**	545,044
– Interest income on loans receivables	**70,978**	157,887
Total finance income	**153,678**	702,931
Interest expenses:		
– Bank borrowings	**3,357,089**	3,675,857
– Long-term and short-term bonds	**1,817,248**	1,638,978
– Unwinding of discount	**135,872**	78,227
– Lease liabilities	**26,912**	–
Other incidental bank charges	**14,831**	10,442
Net foreign exchange losses/(gains)	**10,588**	(14,145)
Finance costs	**5,362,540**	5,389,359
Less: amounts capitalised on qualifying assets	**(455,000)**	(1,029,428)
Total finance expenses	**4,907,540**	4,359,931
Finance costs, net	**4,753,862**	3,657,000

Note:

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

	2019	2018
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**3.43%-5.65%**	3.28%-5.65%

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

	2019	2018
	RMB'000	*RMB'000*
Impairment loss (recognised)/reversed on:		
– Trade receivables	**31,258**	(67,940)
– Other receivables	**26,455**	(52,567)
– Contract assets	**(607)**	(3,106)
– Loans to fellow subsidiaries	**(27,647)**	(12,784)
– Debt instruments at FVTOCI	**(11,472)**	–
– Other	**46**	–
	18,033	(136,397)

Details of impairment assessment are set out in Note 48.2.

12. EXPENSES BY NATURE

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

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Depreciation *(note (a))*	**8,956,371**	7,009,299
Amortisation *(note (b))*	**725,873**	590,752
Materials used and goods traded	**67,351,916**	53,925,133
Transportation costs and port expenses	**12,435,442**	9,991,573
Sales tax and surcharges	**3,485,631**	2,835,230
Auditor's remuneration	**10,720**	22,455
– Audit service	**10,720**	22,455
– Non-audit service	**–**	–
Repairs and maintenance	**1,937,609**	1,650,465
Lease expenses under recognition exemption (2018: operating lease rentals)	**74,207**	64,116
Employee benefit expense (including directors' emoluments) *(note (c))*	**8,579,464**	7,235,576
Other expenses	**10,269,567**	7,977,166
Total cost of sales, selling expenses and general and administrative expenses	**113,826,800**	91,301,765

12. EXPENSES BY NATURE (CONTINUED)

Notes:

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

	2019 RMB'000	2018 RMB'000 (Restated)
Depreciation for the year	**8,982,020**	7,324,141
– Property, plant and equipment *(Note 18)*	**8,905,462**	7,320,638
– Investment properties	**3,556**	3,503
– Right-of-use assets	**73,002**	–
Less: capitalised in inventories which remained unsold as at year end	**(11,306)**	(10,671)
capitalised in construction in progress	**(14,343)**	(304,171)
Amount charged to profit or loss	**8,956,371**	7,009,299

Charged to:

	2019 RMB'000	2018 RMB'000 (Restated)
Expenses		
– Cost of sales	**8,526,480**	6,483,722
– Selling expenses and general and administrative expenses	**429,891**	525,577
	8,956,371	7,009,299

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

	2019 RMB'000	2018 RMB'000
Land use rights *(Note 22)*	**152,391**	129,811
Mining rights	**418,985**	288,194
Intangible assets	**138,707**	127,848
Long-term deferred expenses included in other non-current assets	**15,790**	44,899
	725,873	590,752

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

	2019 RMB'000	2018 RMB'000 (Restated)
Charged to:		
Cost of sales	**5,531,552**	4,541,755
Selling expenses and general and administrative expenses	**3,047,912**	2,693,821
	8,579,464	7,235,576

(d) The research and development costs recognised as expenses is RMB289,471,000 (2018: RMB216,614,000) during the year.

13. EMPLOYEE BENEFIT EXPENSE

	2019 RMB'000	2018 RMB'000 (Restated)
Wages, salaries and allowances	**5,845,589**	4,859,757
Housing subsidies *(note (a))*	**490,848**	402,874
Contributions to pension plans *(note (b))*	**971,080**	839,036
Welfare and other expenses	**1,271,947**	1,133,909
	8,579,464	7,235,576

Notes:

(a) These mainly include the Group's contributions to government-sponsored housing funds in the PRC at rates ranging from 12% to 25% (2018: 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% (2018: 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.

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

	2019 No. of employees	2018 No. of employees
Director	**–**	–
Non-director individuals	**5**	5
	5	5

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

	2019 RMB'000	2018 RMB'000
Basic salaries, housing subsidies, other allowances and benefits-in-kind	**2,348**	1,359
Contributions to pension plans	**774**	575
Discretionary bonuses	**3,997**	3,883
	7,119	5,817

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:

	2019 No. of employees	2018 No. of employees
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	4
HK$1,500,001 to HK$2,000,000	**5**	1
	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 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 i)*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
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)

The emoluments of directors and supervisors for the year ended 31 December 2018 are set out below:

	2018 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 *(note i)*	–	–	–	–	–	–	–
Mr. NIU Jianhua *(note i)*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Non-executive directors:							
Mr. ZHAO Rongzhe *(note ii)*	–	–	–	–	–	–	–
Mr. XU Qian *(note ii)*	–	–	–	–	–	–	–
Mr. DU Ji'an	–	–	–	–	–	–	–
Mr. XIANG Xujia *(note ii)*	–	–	–	–	–	–	–
Mr. LIU Zhiyong *(note ii)*	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Independent non-executive directors:							
Mr. ZHANG Ke *(note iii)*	–	300	–	–	–	–	300
Mr. ZHANG Chengjie *(note iii)*	–	300	–	–	–	–	300
Mr. LEUNG Chong Shun *(note iii)*	–	300	–	–	–	–	300
	–	900	–	–	–	–	900
Supervisors:							
Mr. ZHOU Litao *(note iv)*	–	–	–	–	–	–	–
Mr. WANG Wenzhang *(note iv)*	–	377	158	35	35	75	680
Mr. ZHANG Shaoping *(note iv)*	–	370	316	35	35	73	829
	–	747	474	70	70	148	1,509
	–	1,647	474	70	70	148	2,409

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

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

Notes:

(i) Mr. PENG Yi and Mr. NIU Jianhua were appointed as executive directors on 23 October 2018. Mr. NIU Jianhua resigned from the position of executive director on 18 November 2019.

(ii) Mr. XIANG Xujia and Mr. LIU Zhiyong resigned from the position of non-executive director and Mr. ZHAO Rongzhe and Mr. XU Qian were appointed as non-executive directors on 23 October 2018.

(iii) Mr. ZHANG Ke, Mr. ZHANG Chengjie and Mr. LEUNG Chong Shun were appointed as independent non-executive directors on 23 October 2018.

(iv) Mr. ZHOU Litao, Mr. WANG Wenzhang and Mr. ZHANG Shaoping were appointed as supervisors of the Company on 23 October 2018.

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

Note:

Mr. LI Yanjiang, Mr. NIU Jianhua, Mr. PENG Yi, Mr. LIU Zhiyong, Mr. DU Ji'an, Mr. XIANG Xujia, 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 2019 in respect of their services as directors and supervisors of the Company and its subsidiaries is RMB182,000 (2018: RMB148,000).

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 (2018: nil).

(c) Directors' and supervisors' termination benefits

During the years ended 31 December 2018 and 2019, 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 2018 and 2019, 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 (2018: nil).

During the years ended 31 December 2018 and 2019, and as at 31 December 2018 and 2019, 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 2018 and 2019, 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

	2019	2018
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax *(note (a))*	**3,489,348**	2,677,725
Deferred income tax *(Note 38)*	**9,978**	(142,949)
	3,499,326	2,534,776

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 2019 and 2018 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:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**13,018,734**	9,925,298
Tax calculated at statutory income tax rate of 25% (2018: 25%) in the PRC	**3,254,684**	2,481,325
Effect of preferential tax rates on income of certain subsidiaries	**(248,788)**	(283,122)
Adjust income tax of the previous period	**35,979**	24,519
Income not subject to taxation	**(649,939)**	(403,945)
Expenses not deductible for taxation purposes	**14,963**	4,209
Utilisation of previously unrecognised tax losses	**(16,546)**	(6,313)
Tax losses for which no deferred income tax asset has been recognised	**669,964**	649,611
Deductible temporary differences for which no deferred income tax asset has been recognised	**184,869**	144,715
Recognition of previously unrecognised deductible temporary differences	**(48,178)**	(30,822)
Additional expenses allowable for tax deduction	**(46,641)**	(45,401)
Others	**348,959**	–
Income tax expense	**3,499,326**	2,534,776

The effective tax rate was 27% for the year ended 31 December 2019 (2018 (restated): 26%).

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

		2019			2018	
	Before tax	**Tax charge/ (credit)**	**After tax**	Before tax	Tax charge/ (credit)	After tax
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Equity instruments measured at FVTOCI	**74,303**	**(129)**	**74,174**	185,185	(12,590)	172,595
Debt instruments measured at FVTOCI	**(22,931)**	**6,883**	**(16,048)**	(26,472)	5,483	(20,989)
Share of other comprehensive income of associates that will not be reclassified to profit or loss	**(12,915)**	**–**	**(12,915)**	–	–	–
Impairment loss for debt instruments at FVTOCI included in profit or loss	**(11,472)**	**–**	**(11,472)**	–	–	–
Currency translation differences	**(6,182)**	**–**	**(6,182)**	18,138	–	18,138
Other comprehensive expense/(income)	**20,803**	**6,754**	**27,557**	176,851	(7,107)	169,744
Deferred tax		**6,754**			(7,107)	

The income tax charged/(credited) directly to other comprehensive income during the year is as follows:

	2019	2018
	RMB'000	*RMB'000*
Deferred tax	**6,754**	(7,107)

16. DIVIDENDS

During the year ended 31 December 2019, dividends for ordinary shareholders of the Company recognised as distribution is 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 (2018: RMB729,375,000, being final divided for the year ended 31 December 2017 of RMB0.055 per share for 13,258,663,400 shares).

A total dividend of RMB1,687,931,000 for the year ended 31 December 2019 has been proposed by the directors of the Company and is subject to approval by the shareholders at the 2019 annual general meeting. These consolidated financial statements do not reflect this dividend payable.

	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend	**1,687,931**	1,030,373

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,000 ordinary shares in issue during the year.

	2019	2018
		(Restated)
Profit attributable to equity holders of the Company (RMB'000)	**6,197,168**	4,406,148
Number of ordinary shares in issue (in thousands)	**13,258,663**	13,258,663
Basic earnings per share (RMB per share)	**0.47**	0.33

As the Company had no potential ordinary shares in issue for the years ended 31 December 2019 and 2018, 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 2018							
Opening net book amount	31,313,683	15,735,799	40,609,034	2,842,204	956,555	39,044,148	130,501,423
Addition from acquisition of subsidiaries under common control	19,787	–	216,677	–	4,679	2,176	243,319
Additions	292,121	905,935	1,507,779	–	126,832	8,175,960	11,008,627
Transfers upon completion of construction	9,089,542	4,520,886	6,661,709	310,076	69,791	(20,652,004)	–
Transfer to land use rights, mining rights and intangible assets	–	–	–	–	–	(905,864)	(905,864)
Transfer to investment properties	(1,247)	–	–	–	–	–	(1,247)
Reclassification	(589,228)	(14,367)	257,214	117,075	229,306	–	–
Disposals	(165,954)	–	(356,708)	–	(53,220)	(939)	(576,821)
Depreciation charges *(Note 12)*	(1,500,230)	(952,911)	(4,459,697)	(127,328)	(280,472)	–	(7,320,638)
Provision for impairment	(288,835)	–	(572,525)	–	(3,859)	(1,237)	(866,456)
Closing net book amount	38,169,639	20,195,342	43,863,483	3,142,027	1,049,612	25,662,240	132,082,343
At 31 December 2018 (restated)							
Cost	47,156,687	28,625,280	76,767,565	3,993,792	3,072,899	25,929,305	185,545,528
Accumulated depreciation	(8,578,217)	(8,428,768)	(31,503,650)	(851,765)	(1,955,401)	–	(51,317,801)
Impairment provision	(408,831)	(1,170)	(1,400,432)	–	(67,886)	(267,065)	(2,145,384)
Net book amount	38,169,639	20,195,342	43,863,483	3,142,027	1,049,612	25,662,240	132,082,343

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 2019							
Opening net book amount (restated)	38,169,639	20,195,342	43,863,483	3,142,027	1,049,612	25,662,240	132,082,343
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)
Deemed disposal of subsidiaries *(Note 44)*	–	–	–	–	–	(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 *(Note 12)*	(1,723,035)	(1,853,834)	(4,969,929)	(99,625)	(259,039)	–	(8,905,462)
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	942,320	12,608,921	129,997,871
At 31 December 2019							
Cost	52,177,528	34,254,385	86,864,345	4,025,281	3,332,409	12,794,718	193,448,666
Accumulated depreciation	(10,485,071)	(9,730,645)	(37,367,479)	(924,466)	(2,324,821)	–	(60,832,482)
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	942,320	12,608,921	129,997,871

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 2019, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB8,452,250,000 (2018: RMB6,480,219,000), selling expenses and general and administrative expenses with an amount of RMB427,563,000 (2018: RMB525,577,000), construction in progress with an amount of RMB14,343,000 (2018: RMB304,171,000), and cost of inventories which remained unsold as at year end with an amount of RMB11,306,000 (2018: RMB10,671,000) respectively.

Bank borrowings are secured on property, plant and equipment for the carrying value of RMB2,551,048,000 (2018: RMB4,975,872,000).

As at 31 December 2019, the Group was in process of applying the ownership certificates of buildings with net book amount of RMB5,369,653,000 (2018: RMB8,328,812,000).

During the year ended 31 December 2019, the Group recognised impairment losses amounting to RMB400,000,000 on property, plant and equipment in relation to electricity generating business of Shanxi China Coal Huajin Energy Company Limited ("China Coal Huajin"), and the related CGUs is within the Others segment of the Group. The recoverable amount of the CGUs has been determined on the basis of value in use with pre-tax discount rate of 10.00%, based on a one year budget approved by the management at a growth rate of 1.71% and 1.68% for the following two years and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation relate to the estimated generating capacity and price of electricity.

During the year ended 31 December 2019, the Group recognised impairment losses amounting to RMB148,026,000 on property, plant and equipment in relation to electricity generating business of China Coal Pingshuo Group Company Limited ("China Coal Pingshuo"), and the related CGU is within the Others segment of the Group. The recoverable amount of the CGU has been determined on the basis of value in use with pre-tax discount rate of 10.00%, based on a one year budget approved by the management at a growth rate of 2% – 3% for the following three years and extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation relate to the estimated generating capacity and price of electricity.

During the year ended 31 December 2019, the Group recognised impairment losses amounting to RMB37,046,000 on property, plant and equipment in relation to electricity generating business of Shanghai Datun Energy Resources Company Limited ("Shanghai Datun"), and the related assets are within the Others segment of the Group. The recoverable amount of the related property, plant and equipment has been determined based on fair value less costs of disposal by reference to the market price of similar assets.

19. RIGHT-OF-USE ASSETS

	Land	Buildings	Machinery	Office 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 charge	(31,214)	(36,081)	(4,089)	(1,618)	(73,002)
	(30,122)	(29,823)	8,672	11,596	(39,677)
Expense relating to short-term leases					74,207
Total cash outflow for leases					157,091

For both years, the Group leases certain land, buildings, machinery and office 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 2018	
Opening net book amount	32,784,227
Additions	2,532,797
Transferred from property, plant and equipment	623,307
Impairment provision	(99,335)
Amortisation charges	(288,278)
Closing net book amount	35,552,718
At 31 December 2018	
Cost	40,452,681
Accumulated amortisation	(4,114,346)
Impairment provision	(785,617)
Net book amount	35,552,718
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**

The amortisation charges were mainly recorded in cost of sales for the years ended 31 December 2019 and 2018.

20. MINING RIGHTS (CONTINUED)

During the year ended 31 December 2019, the Group conducted a review of certain mining rights of coal mine of Shanghai Datun due to "Response on Shanghai Datun's preliminary work of withdrawing from Shanxi Quanquan Yuquan Yuquan Coal Industry Co., Ltd. and Shanxi China Coal Yulong Energy Co., Ltd." (China Coal Finance [2018] No. 50) and recognised impairment losses amounting to RMB8,504,000 (2018: RMB99,335,000), and the related CGU is within the coal segment of the Group.

The recoverable amount of the cash-generating unit in relation to the Yuquan coal mine 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 12.59%. Key assumptions adopted relate to the estimated selling price of the coal, the coal reserves and the estimated productivity that market participants would use.

21. INTANGIBLE ASSETS

	Technical know-how	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2018			
Opening net book amount	958,336	747,532	1,705,868
Additions	18,251	19,738	37,989
Transferred from property, plant and equipment	79,018	1,473	80,491
Reclassification	290,190	(290,190)	–
Amortisation charge	(71,074)	(63,872)	(134,946)
Closing net book amount	1,274,721	414,681	1,689,402
At 31 December 2018			
Cost	1,538,119	697,889	2,236,008
Accumulated amortisation	(263,398)	(283,208)	(546,606)
Net book amount	1,274,721	414,681	1,689,402

21. INTANGIBLE ASSETS (CONTINUED)

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2019			
Opening net book amount	**1,274,721**	**414,681**	**1,689,402**
Additions	**1,663**	**37,417**	**39,080**
Transferred from property, plant and equipment	**24,450**	**14,719**	**39,169**
Amortisation charge	**(88,486)**	**(51,439)**	**(139,925)**
Closing net book amount	**1,212,348**	**415,378**	**1,627,726**
At 31 December 2019			
Cost	**1,564,232**	**741,260**	**2,305,492**
Accumulated amortisation	**(351,884)**	**(325,882)**	**(677,766)**
Net book amount	**1,212,348**	**415,378**	**1,627,726**

The amortisation charge was mainly recorded in cost of sales, selling expenses and general and administrative expenses for the years ended 31 December 2019 and 2018.

Other intangible assets mainly include emission rights and computer softwares.

22. LAND USE RIGHTS

	RMB'000
Year ended 31 December 2018	
Opening net book amount	5,019,707
Additions	265,276
Transferred from property, plant and equipment	202,066
Disposals	(33,691)
Amortisation charge	(132,903)
Closing net book amount	5,320,455
At 31 December 2018	
Cost	6,348,838
Accumulated amortisation	(1,002,741)
Impairment provision	(25,642)
Net book amount	5,320,455

22. LAND USE RIGHTS (CONTINUED)

	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 charge	**(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**

Bank borrowings are secured on land use rights for the carrying value of RMB71,010,000 (2018: RMB72,741,000).

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 RMB82,007,000 (2018: RMB75,620,000), selling expenses and general and administrative expenses with an amount of RMB70,384,000 (2018: RMB54,191,000) and construction in progress with an amount of RMB1,112,000 (2018: RMB2,934,000) and cost of inventories which remained unsold as at year end with an amount of RMBnil (2018: RMB158,000).

As at 31 December 2019, the Group was in process of applying the ownership certificates of land use rights with net carrying amounts of RMB817,966,000 (2018: RMB892,604,000).

23(a) SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2019. The table below lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

23(a) SUBSIDIARIES (CONTINUED)

(a) 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	RMB 21,779,370,000	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	RMB 7,657,897,000	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	RMB 6,439,336,000	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	RMB100,000,000	100%	100%	–	Trading of mining equipment in Beijing, the PRC	Limited liability company
China Coal Ordos Energy Chemical Company Limited (中煤鄂爾多斯能源化工有限公司)	Ordos, the PRC	RMB 4,193,424,800	100%	100%	–	Coal chemical sales in Ordos, the PRC	Limited liability company
Sunfield Resources Pty. Limited (華光資源有限公司)	Sydney, Australia	AUD500,000	100%	100%	–	Investment management, trading of coal and coke in Sydney, Australia	Limited liability company

23(a) SUBSIDIARIES (CONTINUED)

(a) Principal subsidiaries (continued)

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Unlisted – continued							
Datong China Coal Export Base Development Company Limited (大同中煤出口煤基地建設有限公司)	Datong, the PRC	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	RMB 2,474,873,500	100%	100%	–	Coal chemical sales in Yilan,the PRC	Limited liability company
China Coal Xinjiang Coal Electricity Chemical Company Limited (中煤能源新疆煤電化有限公司)	Jimsar County in Changji Prefecture, the PRC	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	RMB9,369,060,000	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
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

23(a) SUBSIDIARIES (CONTINUED)

(a) Principal subsidiaries (continued)

Company name	Place of establishment	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Held by non-controlling interests	Principal activities and place of operation	Type of legal entity
Unlisted – continued							
China Coal Sales and Transportation Company Limited (中國煤炭銷售運輸有限責任公司)	Beijing, the PRC	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

Note:

Except for Sunfield Resources Pty. Limited, other subsidiaries have adopted 31 December as their financial year end date.

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2019 is RMB20,201,827,000 (2018: RMB18,548,814,000). The material non-controlling interests are set out below

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Subsidiaries with material non-controlling interests		
Shanghai Datun	**3,918,240**	3,893,100
China Coal Huajin	**8,380,410**	6,761,703
Mengda Mining	**1,523,071**	1,266,847
Yihua Mining	**2,187,907**	1,952,972
	16,009,628	13,874,622

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)

(b) Material non-controlling interests (continued)

Summarised statement of financial position

	Shanghai Datun	
	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Current assets	**2,296,615**	2,816,318
Non-current assets	**15,010,833**	12,757,728
	17,307,448	15,574,046
Current liabilities	**4,937,941**	4,604,130
Non-current liabilities	**1,978,958**	786,190
	6,916,899	5,390,320
Equity attributable to equity holders of the Company	**6,472,309**	6,290,626
Non-controlling interests of Shanghai Datun	**3,846,235**	3,736,898
Non-controlling interests of Shanghai Datun's subsidiaries	**72,005**	156,202
Net assets	**10,390,549**	10,183,726

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	China Coal Huajin	
	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Current assets	**8,476,603**	6,676,714
Non-current assets	**14,473,061**	14,592,464
	22,949,664	21,269,178
Current liabilities	**3,843,908**	4,590,471
Non-current liabilities	**3,440,257**	4,091,878
	7,284,165	8,682,349
Equity attributable to equity holders of the Company	**7,285,089**	5,825,126
Non-controlling interests of China Coal Huajin	**7,026,530**	5,622,215
Non-controlling interests of China Coal Huajin's subsidiaries	**1,353,880**	1,139,488
Net assets	**15,665,499**	12,586,829

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised statement of financial position (continued)

	Mengda Mining	
	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Current assets	**1,598,702**	1,552,009
Non-current assets	**13,957,080**	10,063,219
	15,555,782	11,615,228
Current liabilities	**4,390,954**	4,712,491
Non-current liabilities	**6,685,207**	3,176,716
	11,076,161	7,889,207
Equity attributable to equity holders of the Company	**2,956,550**	2,459,174
Non-controlling interests of Mengda Mining	**1,523,071**	1,266,847

	Yihua Mining	
	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Current assets	**724,125**	628,423
Non-current assets	**10,993,050**	9,350,178
	11,717,175	9,978,601
Current liabilities	**1,584,295**	1,632,593
Non-current liabilities	**5,667,765**	4,360,351
	7,252,060	5,992,944
Equity attributable to equity holders of the Company	**2,277,208**	2,032,685
Non-controlling interests of Yihua Mining	**2,187,907**	1,952,972

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised statement of profit or loss and other comprehensive income

	Shanghai Datun	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**7,622,552**	6,849,198
Profit before income tax	**618,260**	635,600
Income tax expense	**(166,267)**	(25,961)
Profit for the year	**451,993**	609,639
Other comprehensive income for the year	**6,108**	7,129
Total comprehensive income for the year	**458,101**	616,768
Dividends paid to non-controlling interests of Shanghai Datun	**76,027**	59,736
Profit attributable to equity holders of the Company	**334,740**	430,254
Profit attributable to the non-controlling interests of Shanghai Datun	**201,445**	258,924
Loss attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(84,192)**	(79,539)
Other comprehensive income attributable to equity holders of the Company	**3,816**	4,463
Other comprehensive income attributable to the non-controlling interests of Shanghai Datun	**2,297**	2,686
Other comprehensive expense attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(5)**	(20)
Total comprehensive income attributable to equity holders of the Company	**338,556**	434,717
Total comprehensive income attributable to the non-controlling interests of Shanghai Datun	**203,742**	261,610
Total comprehensive expense attributable to the non-controlling interests of Shanghai Datun's subsidiaries	**(84,197)**	(79,559)

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

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

	China Coal Huajin	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**11,034,818**	9,824,169
Profit before income tax	**5,729,292**	5,460,416
Income tax expense	**(1,585,092)**	(1,426,175)
Profit for the year	**4,144,200**	4,034,241
Other comprehensive income for the year	**16,957**	2,642
Total comprehensive income for the year	**4,161,157**	4,036,883
Dividends paid to non-controlling interests of China Coal Huajin	**220,500**	111,789
Profit attributable to equity holders of the Company	**1,686,683**	1,598,005
Profit attributable to the non-controlling interests of China Coal Huajin	**1,620,538**	1,535,338
Profit attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**836,979**	900,898
Other comprehensive income attributable to equity holders of the Company	**6,660**	5,288
Other comprehensive income attributable to the non-controlling interests of China Coal Huajin	**6,400**	5,081
Other comprehensive income (expense) attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**3,897**	(7,727)
Total comprehensive income attributable to equity holders of the Company	**1,693,343**	1,603,293
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin	**1,626,938**	1,540,419
Total comprehensive income attributable to the non-controlling interests of China Coal Huajin's subsidiaries	**840,876**	893,171

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

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

	Mengda Mining	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**2,803,542**	556,946
Profit before income tax	**920,665**	161,255
Income tax expense	**(168,382)**	(15,125)
Profit for the year	**752,283**	146,130
Other comprehensive income for the year	**1,316**	164
Total comprehensive income for the year	**753,599**	146,294
Dividends paid to non-controlling interests of Mengda Mining	**–**	–
Profit attributable to equity holders of the Company	**496,507**	96,446
Profit attributable to the non-controlling interests of Mengda Mining	**255,776**	49,684
Other comprehensive income attributable to equity holders of the Company	**869**	108
Other comprehensive income attributable to the non-controlling interests of Mengda Mining	**447**	56
Total comprehensive income attributable to equity holders of the Company	**497,376**	96,554
Total comprehensive income attributable to the non-controlling interests of Mengda Mining	**256,223**	49,740

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

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

	Yihua Mining	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**2,409,951**	245,064
Profit before income tax	**645,556**	18,251
Income tax (expense) credit	**(165,870)**	597
Profit for the year	**479,686**	18,848
Other comprehensive (expense) income for the year	**(227)**	37
Total comprehensive income for the year	**479,459**	18,885
Dividends paid to non-controlling interests of Yihua Mining	**–**	–
Profit attributable to equity holders of the Company	**244,640**	9,613
Profit attributable to the non-controlling interests of Yihua Mining	**235,046**	9,235
Other comprehensive (expense) income attributable to equity holders of the Company	**(116)**	19
Other comprehensive (expense) income attributable to the non-controlling interests of Yihua Mining	**(111)**	18
Total comprehensive income attributable to equity holders of the Company	**244,524**	9,632
Total comprehensive income attributable to the non-controlling interests of Yihua Mining	**234,935**	9,253

23(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised statement of cash flows

	Shanghai Datun		China Coal Huajin		Mengda Mining		Yihua Mining	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Net cash inflow from operating activities	**2,011,653**	1,010,910	**6,308,174**	3,663,981	**1,908,751**	781,538	**1,242,388**	177,251
Net cash (outflow) inflow from investing activities	**(1,084,850)**	(1,011,284)	**(509,566)**	(2,689,809)	**(897,595)**	(3,539,632)	**(834,639)**	7,207,687
Net cash (outflow) inflow from financing activities	**(628,753)**	(359,875)	**(1,962,178)**	(2,675,958)	**(1,011,177)**	2,755,709	**(407,824)**	(7,385,009)
Net cash inflow (outflow)	**298,050**	(360,249)	**3,836,430**	(1,701,786)	**(21)**	(2,385)	**(75)**	(71)

23(b) INVESTMENTS IN ASSOCIATES

	2019	2018
	RMB'000	*RMB'000*
Beginning of the year	**16,860,313**	16,376,591
Additions	**692,847**	107,208
Transfer	**2,265,793**	–
Disposal	**(15,509)**	(2,450)
Share of profits	**1,656,967**	683,458
Dividends	**(586,687)**	(306,276)
Others	**12,916**	1,782
End of the year	**20,886,640**	16,860,313

All of the 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 2019, 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) INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of material associate as at 31 December 2019 and 2018

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 (2018: 38.75)	Equity

Summarised financial information for material associate

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

Summarised statement of financial position

	Zhongtian Synergetic	
	31 December 2019 ***RMB'000***	31 December 2018 *RMB'000*
Current assets	**4,218,573**	6,677,408
Non-current assets	**52,466,421**	50,104,158
Current liabilities	**(5,486,038)**	(9,945,097)
Non-current liabilities	**(30,783,899)**	(27,957,367)
Net assets	**20,415,057**	18,879,102

23(b) INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information for material associate (continued)

Summarised statement of profit or loss and other comprehensive income

	Zhongtian Synergetic	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**15,988,546**	12,235,200
Profit before income tax	**2,332,647**	1,624,679
Profit for the year	**2,100,359**	1,117,994
Other comprehensive income	**–**	–
Total comprehensive income for the year	**2,100,359**	1,117,994
Dividends received from the associate during the year	**218,707**	–

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) 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 associates

	Zhongtian Synergetic	
Summarised financial information	**2019**	2018
	RMB'000	*RMB'000*
Opening net assets at 1 January	**18,879,102**	17,761,108
Profit for the year	**2,100,359**	1,117,994
Dividends	**(564,404)**	–
Closing net assets at 31 December	**20,415,057**	18,879,102
The Group's shares of net assets	**7,910,835**	7,315,652
Carrying value of interest in associates	**7,910,835**	7,315,652

23(b) INVESTMENTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
The Group's share of profit	**843,078**	250,235
The Group's share of other comprehensive income	**12,915**	–
The Group's share of total comprehensive income	**855,993**	250,235
Aggregate carrying amount of the Group's interests in these associates	**12,975,805**	9,544,661

23(c) INVESTMENTS IN JOINT VENTURES

	2019 *RMB'000*	2018 *RMB'000*
Beginning of the year	**2,966,392**	2,626,321
Additions	**15,000**	65,000
Share of profit	**940,391**	1,125,193
Dividends	**(631,806)**	(866,645)
Others	**–**	16,523
End of the year	**3,289,977**	2,966,392

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 2019 and 2018:

Name of entity	**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 (2018: 50.00)	Equity
Hebei CNC Risun Coking Limited ("Risun Coking")	Hebei, the PRC	45.00 (2018: 45.00)	Equity

23(c) INVESTMENTS 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 and accounted for using the equity method. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

Summarised statement of financial position

	Hecaogou Coal		**Risun Coking**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current				
Cash and cash equivalents	**277,472**	368,758	**137,954**	480,314
Other current assets	**162,517**	320,755	**1,633,143**	730,184
Total current assets	**439,989**	689,513	**1,771,097**	1,210,498
Financial liabilities (excluding trade payables)	**(145,000)**	–	**(337,000)**	(90,000)
Other current liabilities	**(414,721)**	(799,905)	**(1,321,830)**	(2,139,750)
Total current liabilities	**(559,721)**	(799,905)	**(1,658,830)**	(2,229,750)
Total non-current assets	**4,462,502**	4,404,830	**2,709,811**	3,302,546
Financial liabilities	**(345,000)**	(597,000)	**(166,662)**	(242,674)
Other liabilities	**(431,030)**	(146,748)	**(59,275)**	(129,698)
Total non-current liabilities	**(776,030)**	(743,748)	**(225,937)**	(372,372)
Net assets	**3,566,740**	3,550,690	**2,596,141**	1,910,922

23(c) INVESTMENTS 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 Coking	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**2,351,587**	2,386,379	**6,961,143**	8,219,114
Profit before income tax	**1,207,326**	1,376,436	**1,136,498**	1,631,259
Profit for the year	**1,011,396**	1,159,751	**978,429**	1,215,945
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**1,011,396**	1,159,751	**978,429**	1,215,945
Dividends received from the joint venture during the year	**500,000**	500,000	**131,805**	275,459

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures (if any).

Reconciliation of summarised financial information

	Hecaogou Coal		Risun Coking	
Summarised financial information	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Opening net assets at 1 January	**3,550,690**	3,357,893	**1,910,922**	1,509,744
Profit for the year	**1,011,396**	1,159,751	**978,429**	1,215,945
Contributions	**–**	33,046	**–**	–
Others	**4,654**	–	**(311)**	–
Dividends	**(1,000,000)**	(1,000,000)	**(292,899)**	(814,767)
Closing net assets at 31 December	**3,566,740**	3,550,690	**2,596,141**	1,910,922
The Group's share of net assets	**1,783,370**	1,775,345	**1,168,263**	859,915
Carrying value of interest in joint ventures	**1,781,043**	1,775,345	**1,201,632**	893,143

23(c) INVESTMENTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	31 December 2019 RMB'000	31 December 2018 RMB'000
The Group's share of loss	**(5,600)**	(1,858)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive expense	**(5,600)**	(1,858)
Aggregate carrying amount of the Group's interests in these joint ventures	**307,302**	297,904

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019 RMB'000	31 December 2018 RMB'000
Listed securities:		
– equity securities listed in the PRC	**24,730**	25,565
Unlisted securities:		
– equity securities *(note)*	**2,304,025**	4,538,286
Total	**2,328,755**	4,563,851

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Finance lease receivables	**241,190**	417,695
Others	**8,822**	143,255
Total	**250,012**	560,950

The long-term receivables are neither past due nor impaired as at 31 December 2019 and 2018. The carrying amounts of long-term receivables approximate their fair values.

26. OTHER NON-CURRENT ASSETS

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Prepayments for long-term investments *(note (a))*	**3,537,496**	3,428,559
Prepayments for mining rights *(note (b))*	**1,015,000**	1,015,000
Prepayments for construction in progress and equipment	**18,135**	68,533
Prepayments for land use rights *(note (b))*	**464,966**	517,410
Deductible value added tax	**396,289**	615,391
Loans to fellow subsidiaries *(note (c))*	**3,728,980**	580,497
Entrusted loans	**1,275,000**	–
Prepaid income tax	**–**	37,149
Others	**297,062**	509,650
Total	**10,732,928**	6,772,189

Notes:

(a) 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.

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

(c) The loans to fellow subsidiaries are unsecured and repayable after 12 months from the end of reporting period with the interest rate from 4.41% to 5.94% (2018: 4.75% to 5.94%) per annum.

Included in the carrying amount of the loans to fellow subsidiaries as at 31 December 2019 is accumulated credit losses of RMB67,713,000 (31 December 2018: RMB10,198,000). Details of impairment assessment are set out in Note 48.2.

27. INVENTORIES

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Coal	**996,763**	891,976
Machinery for sale	**3,752,055**	4,190,228
Coal chemical products	**626,330**	580,148
Auxiliary materials, spare parts and tools	**2,795,140**	2,617,411
	8,170,288	8,279,763

The provisions for impairment of inventories of the Group amounted to RMB306,495,000 as at 31 December 2019 (2018: RMB293,359,000).

28. TRADE RECEIVABLES/DEBT INSTRUMENTS AT FVTOCI

	31 December 2019 RMB'000	31 December 2018 RMB'000
Trade receivables	**7,316,222**	4,881,389
Debt instruments at FVTOCI	**6,897,430**	9,989,407

Notes:

(a) Trade receivables are analysed as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000
Trade receivables		
– Associates	**278,405**	523,063
– Joint ventures	**12,772**	15,005
– Fellow subsidiaries	**553,709**	427,914
– Third parties	**6,471,336**	3,915,407
Trade receivables, net	**7,316,222**	4,881,389

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:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Within 6 months	**5,168,792**	3,286,553
6 months – 1 year	**1,206,096**	614,024
1 – 2 years	**645,842**	431,317
2 – 3 years	**193,327**	364,146
Over 3 years	**623,301**	754,721
Trade receivables, gross	**7,837,358**	5,450,761
Less: Allowance for credit losses	**(521,136)**	(569,372)
Trade receivables, net	**7,316,222**	4,881,389

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 48.2.

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
RMB	**7,311,826**	4,881,013
US Dollar ("USD")	**4,396**	376
	7,316,222	4,881,389

(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 2018: less than one year).

(e) As at 31 December 2019, notes receivables of RMB447,055,000 (2018: RMB272,596,000) are pledged to banks for notes payables amounting to RMB446,973,000 (2018: RMB264,810,000).

As at 31 December 2019, debt instruments at FVTOCI of RMB8,958,000 (2018: RMB996,000) are pledged to banks for borrowings amounting to RMB9,000,000 (2018: RMB1,000,000).

As at 31 December 2018, trade receivables with amount of RMB200,000,000 (2019: nil) were pledged to banks for borrowings of RMB90,000,000 (2019: nil).

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

Notes: (continued)

(f) Transfers of financial assets

As at 31 December 2019, notes receivables of RMB8,958,000 (2018: RMB996,000) and RMB1,128,057,000 (2018: RMB1,335,416,000) were discounted to banks and endorsed to suppliers 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 2019, the Group endorsed and discounted notes receivables of RMB4,483,713,000 (2018: RMB3,401,174,000) to suppliers and banks. 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

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Coal mining machinery – current	**953,581**	1,014,869

The provision for impairment of contract assets of the Group amounted to RMB607,000 as at 31 December 2019 (2018: RMB3,106,000).

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

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Advances to suppliers *(note (a))*	**1,328,858**	1,630,744
Interest receivable	**339,350**	161,660
Dividends receivable	**428,079**	281,888
Loans to fellow subsidiaries *(note (b))*	**555,175**	2,425,308
Value added tax related to contract assets	**135,116**	–
Other amounts due from related parties, gross *(note (c))*	**1,416,788**	753,493
Other amounts due from third parties, gross *(note (d))*	**2,454,409**	2,177,844
	6,657,775	7,430,937
Less: Allowance for credit losses *(note (e))*	**(573,594)**	(499,138)
Prepayments and other receivables, net	**6,084,181**	6,931,799

Notes:

(a) Advances to suppliers are analysed as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Advances to suppliers		
– Associates	**25,923**	157,415
– Fellow subsidiaries	**7,827**	32,898
– Third parties	**1,295,108**	1,440,431
	1,328,858	1,630,744

(b) Loans to fellow subsidiaries are unsecured and repayable within 12 months from the end of reporting period with the interest rate ranging from 4.5675% to 5.655% (2018: 4.35% to 5.655%) per annum.

30. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
Amounts due from related parties, gross		
– Associates	**715,249**	27,108
– China Coal Group and its subsidiaries (excluding the Group)	**701,539**	726,385
	1,416,788	753,493
Less: Allowance for credit losses	**(10,056)**	(11,135)
Amounts due from related parties, net	**1,406,732**	742,358

Other amounts due from related parties are unsecured, interest-free and repayable on demand.

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Within 1 year	**1,764,585**	1,545,908
1 – 2 years	**129,475**	38,909
2 – 3 years	**28,084**	62,867
Over 3 years	**532,265**	530,160
Other amounts due from third parties, gross	**2,454,409**	2,177,844
Less: Allowance for credit losses	**(505,699)**	(442,788)
Other amounts due from third parties, net	**1,948,710**	1,735,056

(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 48.2.

(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:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
RMB	**4,665,885**	5,334,474
Others	**5,912**	5,780
	4,671,797	5,340,254

31. CASH AND BANK DEPOSITS

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Restricted bank deposits *(note (a))*	**3,376,327**	3,351,932
Term deposits with initial terms of over three months	**10,090,101**	12,155,112
Cash and cash equivalents	**12,137,419**	8,372,119
– Cash on hand	**458**	504
– Deposits with banks and other financial institutions	**12,136,961**	8,371,615
	25,603,847	23,879,163

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 and mandatory reserve deposits of China Coal Finance, a subsidiary of the Company, in the People's Bank of China.

(b) As at 31 December 2019, the interest rates on deposits ranged from 0.30% to 4.55% (2018: 0.30% to 4.55%) per annum.

(c) As at 31 December 2019, deposits amounting to RMB520,872,000 (2018: RMB504,797,000) are pledged to banks for issuance of bank acceptance notes amounting to RMB1,044,380,000 (2018: RMB935,182,000).

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

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
RMB	**25,249,455**	23,664,543
USD	**344,488**	202,729
Others	**9,904**	11,891
	25,603,847	23,879,163

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.

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

32. TRADE AND NOTES PAYABLES

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Trade payables *(note (a))*	**18,706,653**	18,755,680
Notes payables	**4,542,854**	4,176,174
	23,249,507	22,931,854

Notes:

(a) Trade payables are analysed as follows:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Trade payables		
– Fellow subsidiaries	**2,155,635**	3,890,854
– A joint venture	**30,000**	451
– Associates	**182,416**	196,386
– Third parties	**16,338,602**	14,667,989
	18,706,653	18,755,680

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:

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Less than 1 year	**15,495,056**	14,596,898
1 – 2 years	**964,841**	1,191,482
2 – 3 years	**542,438**	542,733
Over 3 years	**1,704,318**	2,424,567
	18,706,653	18,755,680

32. TRADE AND NOTES PAYABLES (CONTINUED)

Notes: (continued)

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
RMB	**23,247,519**	22,928,229
USD	**1,988**	3,624
Others	**–**	1
	23,249,507	22,931,854

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

(d) As at 31 December 2019, term deposits amounting to RMB520,872,000 (2018: RMB504,797,000) are pledged to banks for issuance of bank acceptance notes amounting to RMB1,044,380,000 (2018: RMB935,182,000) (Note 31(c)).

As at 31 December 2019, notes receivables with amount of RMB447,055,000 (2018: RMB272,596,000) are pledged to banks for notes payables amounting to RMB446,973,000 (2018: RMB264,810,000) (Note 28(e)).

33. CONTRACT LIABILITIES

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Coal	**1,577,481**	1,101,113
Coal-chemical products	**324,922**	500,229
Mining machinery	**632,445**	820,629
Other	**53,917**	56,932
	2,588,765	2,478,903

As at 1 January 2018, contract liabilities amounted to RMB2,353,642,000.

33. CONTRACT LIABILITIES (CONTINUED)

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

	Coal *RMB'000*	Coal-chemical products *RMB'000*	Mining machinery *RMB'000*	Total *RMB'000*
For the year ended 31 December 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
For the year ended 31 December 2018				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,223,082	514,995	567,951	2,306,028

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

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
Payables for acquisition of subsidiaries	**454,918**	460,637
Payable for compensation for local mining companies	**214,500**	328,770
Dividends payable	**380,781**	259,730
Payables for site restoration	**186,777**	175,711
Mineral and water resource compensation payable	**85,611**	39,331
Salaries and staff welfare payable	**1,906,041**	1,578,397
Interest payable	**965,528**	1,003,540
Commission payable *(Note 37)*	**49,133**	123,000
Payables for mining rights	**460,019**	503,918
Payables for the mining rights transfer *(Note 41)*	**854,459**	–
Payable for mine capacity replacement quota	**528,250**	–
Advance from a non-controlling interest of a subsidiary	**260,344**	217,349
Contractors' deposits	**164,015**	227,483
Deposits from fellow subsidiaries *(note (a))*	**8,814,837**	8,979,014
Other amounts due to related parties *(note (b))*	**356,916**	529,648
Other amounts due to third parties	**1,859,741**	1,917,337
Other tax payable	**1,222,816**	1,773,833
	18,764,686	18,117,698

Notes:

(a) The balance represents fellow subsidiaries' deposits 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, with an interest rate ranging from 0.35% to 4.50% (2018: 0.35% to 3.15%) per annum.

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Amounts due to related parties, gross		
– Parent Company	**248,553**	236,773
– Fellow subsidiaries	**108,287**	291,961
– Associates	**57**	149
– Joint ventures	**19**	765
	356,916	529,648

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

34. ACCRUALS, ADVANCES AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

(c) The carrying amounts of accruals, advance and other payables approximate their fair values.

(d) The carrying amounts of accruals, advance and other payables are denominated in the following currencies:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
– RMB	**18,760,972**	18,115,256
– Other currencies	**3,714**	2,442
	18,764,686	18,117,698

35. LEASE LIABILITIES

	31 December 2019
	RMB'000
Lease liabilities payable:	
Within one year	**67,329**
Within a period of more than one year but not more than two years	**49,670**
Within a period of more than two years but not more than five years	**127,786**
Within a period of more than five years	**258,738**
	503,523
Less: amount due for settlement with 12 months shown under current liabilities	**(67,329)**
Amount due for settlement after 12 months shown under non-current liabilities	**436,194**

36. BORROWINGS

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(note (e))*	**44,000**	21,000
– Guaranteed *(note (d))*	**120,000**	130,000
– Unsecured	**4,102,347**	6,156,547
	4,266,347	6,307,547
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(note (e))*	**808,888**	1,984,070
– Guaranteed *(note (d))*	**903,650**	1,391,494
– Unsecured	**55,220,240**	53,625,023
	56,932,778	57,000,587
Loans from non-controlling interests		
– Unsecured	**115,066**	162,000
	57,047,844	57,162,587
Less: amount due within one year shown under current liabilities	**(22,673,139)**	(11,845,531)
	34,374,705	45,317,056
Total borrowings	**61,314,191**	63,470,134

36. BORROWINGS (CONTINUED)

Notes:

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
Bank loans and loans from other financial institutions		
– Within one year	**22,558,073**	11,825,531
– Between one and two years	**15,200,945**	16,278,116
– Between two and five years	**14,782,725**	19,368,919
– Over five years	**4,391,035**	9,528,021
	56,932,778	57,000,587
Loans from non-controlling interests		
– Within one year	**115,066**	20,000
– Between one and two years	**–**	20,000
– Between two and five years	**–**	60,000
– Over five years	**–**	62,000
	115,066	162,000

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

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
		(Restated)
Fixed-rate borrowings	**3,238,718**	3,243,672
Variable-rate borrowings	**58,075,473**	60,226,462
	61,314,191	63,470,134

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	31 December 2019	31 December 2018
		(Restated)
Fixed-rate borrowings	**4.13% to 10.39%**	4.13% to 10.39%
Variable-rate borrowings	**4.13% to 6.43%**	4.13% to 6.43%

36. BORROWINGS (CONTINUED)

Notes: (continued)

(c) As at 31 December 2019 and 2018, all borrowings were denominated in RMB.

(d) The guaranteed borrowings are as follows:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Guaranteed by non-controlling shareholders of subsidiaries:		
– Guizhou Panjiang Investment Holdings Group Co., Ltd.	**78,000**	68,000
– Jizhong Energy Group Co., Ltd.	**–**	67,844
– Shanxi Coking Coal	**903,650**	1,323,650
– Liaoning Electric Group Co., Ltd.	**42,000**	62,000
	1,023,650	1,521,494

(e) The secured borrowings are as follows:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Secured by:		
– Property, plant and equipment	**808,888**	1,894,070
– Land use rights	**35,000**	20,000
– Trade receivables/debt instruments at FVTOCI	**9,000**	91,000
Total	**852,888**	2,005,070

All the other borrowings of the Group are unsecured bank loans.

37. LONG-TERM BONDS

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Bonds payable	**32,877,037**	33,843,146
Commission payable	**98,133**	171,000
	32,975,170	34,014,146
Less: current portion of long-term bonds	**10,991,992**	5,979,779
current portion of commission payable *(Note 34)*	**49,133**	123,000
Long-term bonds	**21,885,045**	27,863,367
Commission payable – non-current	**49,000**	48,000
	21,934,045	27,911,367

37. LONG-TERM BONDS (CONTINUED)

Notes:

(a) On 23 July 2013, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 25 July 2020 when they become due. These bonds carry a coupon rate of 5.26% per annum and the interest charge will be paid on 25 July annually in each of the following seven years. The effective interest rate is 5.51% per annum.

In addition, the Company is obliged to pay RMB84,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB12,000,000 annually. First instalment of RMB12,000,000 was paid on 25 July 2013 when the transaction was completed and the same amount is payable on 25 July in each of the following six years.

(b) On 16 September 2013, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 18 September 2020 when they become due. These bonds carry a coupon rate of 5.60% per annum and the interest charge will be paid on 18 September annually in each of the following seven years. The effective interest rate is 5.85% per annum.

In addition, the Company is obliged to pay RMB84,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB12,000,000 annually. As agreed with the underwriter, first instalment of RMB12,000,000 was paid on 18 September 2014 and the same amount is payable on 19 September in each of the following six years.

(c) 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.

(d) 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.

(e) 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.

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.

(f) 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.

(g) 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.

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.

37. LONG-TERM BONDS (CONTINUED)

Notes: (continued)

(h) 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.

(i) On 19 July 2019, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 19 July 2026 when they become due. These bonds 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.

The bonds 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:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Interest payable for long-term bonds	**764,114**	743,079

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:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Deferred tax assets	**2,775,209**	2,838,271
Deferred tax liabilities	**(5,866,547)**	(5,929,183)
	(3,091,338)	(3,090,912)

38. DEFERRED INCOME TAX (CONTINUED)

The gross movements on the deferred tax account are as follows:

	2019	2018
	RMB'000	*RMB'000*
Beginning of the year (originally stated)	**(3,090,912)**	(3,240,968)
Adjustments *(Note 4)*	**16,306**	–
Beginning of the year	**(3,074,606)**	(3,240,968)
(Charged) credited to profit or loss *(Note 15)*	**(9,978)**	142,949
(Charged) credited to other comprehensive income *(Note 15)*	**(6,754)**	7,107
End of the year	**(3,091,338)**	(3,090,912)

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 RMB7,050,956,000 (2018: RMB3,898,043,000) and deductible temporary differences of RMB2,703,245,000 (2018, restated: RMB2,057,966,000) as at 31 December 2019. The accumulated tax losses will expire between 2020 and 2024 (2018: between 2019 and 2023). 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 2019	31 December 2018
	RMB'000	*RMB'000*
2019	**–**	163,020
2020	**218,015**	206,539
2021	**503,535**	492,902
2022	**864,818**	519,325
2023	**2,784,734**	2,516,257
2024	**2,679,854**	–
	7,050,956	3,898,043

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	Unrealised profit	Tax losses	Amortisation	Impairment of assets	Deductible temporary differences arising from investments in subsidiaries	Accrued expenses	Fair value adjustments on debt instruments at FVTOCI	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	96,472	91,767	2,875,119	119,671	299,245	84,701	276,759	28,373	273,808	4,145,915
(Charged)/credited to profit or loss	(9,645)	356,244	(1,215,934)	(2,331)	95,376	119,946	23,045	–	27,185	(606,114)
Charged to other comprehensive income	–	–	–	–	–	–	–	(5,271)	–	(5,271)
At 31 December 2018	86,827	448,011	1,659,185	117,340	394,621	204,647	299,804	23,102	300,993	3,534,530
Adjustments *(Note 4)*	–	–	–	–	–	–	–	–	16,306	16,306
At 1 January 2019	**86,827**	**448,011**	**1,659,185**	**117,340**	**394,621**	**204,647**	**299,804**	**23,102**	**317,299**	**3,550,836**
(Charged)/credited to profit or loss	**(1,387)**	**300,063**	**(317,184)**	**(3,253)**	**(49,098)**	**(52,261)**	**12,994**	**–**	**(17,569)**	**(127,695)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,883)**	**–**	**(6,883)**
At 31 December 2019	**85,440**	**748,074**	**1,342,001**	**114,087**	**345,523**	**152,386**	**312,798**	**16,219**	**299,730**	**3,416,258**

38. DEFERRED INCOME TAX (CONTINUED)

Deferred tax liabilities:

	Depreciation	Mining funds (note (a))	Fair value adjustments not deductible for tax purpose	Fair value adjustments for equity instruments	Deferred stripping costs	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	(11,188)	(695,486)	(5,869,559)	(68,618)	(741,970)	(62)	(7,386,883)
(Charged)/credited to profit or loss	(75,769)	24,894	58,841	–	741,970	(873)	749,063
Credited to other comprehensive income	–	–	–	12,378	–	–	12,378
At 31 December 2018	(86,957)	(670,592)	(5,810,718)	(56,240)	–	(935)	(6,625,442)
(Charged)/credited to profit or loss	**(64,629)**	**105,840**	**–**	**–**	**–**	**76,506**	**117,717**
Credited to other comprehensive income	**–**	**–**	**129**	**–**	**–**	**–**	**129**
At 31 December 2019	**(151,586)**	**(564,752)**	**(5,810,589)**	**(56,240)**	**–**	**75,571**	**(6,507,596)**

Note:

(a) 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

	31 December 2019 RMB'000	31 December 2018 RMB'000
Beginning of the year	**1,463,575**	1,365,798
Interest charge on unwinding of discounts	**84,929**	40,440
Provision *(note)*	**1,785,655**	64,319
Payments	**(17,369)**	(6,982)
End of the year	**3,316,790**	1,463,575
Less: current portion	**(69,762)**	(13,310)
	3,247,028	1,450,265

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 RMB46,034,000 (2018: RMB87,887,000) have been received in the current year.

41. OTHER LONG-TERM LIABILITIES

	31 December 2019 RMB'000	31 December 2018 RMB'000
Payables for mining rights *(note (a))*	**2,085,213**	2,635,058
Payables for the mining rights transfer *(note (b))*	**2,658,977**	–
Others	**309,555**	352,401
	5,053,745	2,987,459
Less: current portion payables for mining rights	**(186,801)**	(503,918)
current portion of payables for the mining rights transfer *(Note 34)*	**(854,459)**	–
current portion of loans from non-controlling interests *(Note 36)*	**(10,564)**	–
	4,001,921	2,483,541

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 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 a 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 RMB854,459,000 that will be paid within one year is included in other payables (Note 34).

42. SHARE CAPITAL

	Number of shares *(thousands)*	**Share capital** *RMB'000*
At 1 January 2018, 31 December 2018 and 2019:		
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 2019 and 2018.

Notes:

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

(b) As at 31 December 2019 and 2018, 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
Balance at 1 January 2018	31,920,677	4,097,890	253,419	1,378,575	861,620	99,324	(52,655)	6,852,677	30,736,566	76,148,093
Profit for the year (restated)	–	–	–	–	–	–	–	–	4,406,148	4,406,148
Other comprehensive expense	–	–	–	–	–	–	(18,138)	(149,181)	–	(167,319)
Appropriations	–	121,973	32,805	409,337	844,635	(5,181)	–	–	(1,403,569)	–
Share of other change of reserves of associates and joint ventures	–	–	–	–	–	–	–	(4,844)	4,844	–
Acquisition of subsidiaries under common control in 2018 *(Note 3)*	(285,210)	–	–	–	–	–	–	–	(585,555)	(870,765)
Acquisition of subsidiaries under common control in 2019 *(Note 3)*	1,000	–	–	–	–	–	–	–	46,878	47,878
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	(88,140)	(88,140)
Contributions	16,523	–	–	–	–	–	–	–	–	16,523
Dividends	–	–	–	–	–	–	–	–	(729,375)	(729,375)
Others	1,129	–	–	–	–	–	–	(71,663)	–	(70,534)
Balance at 31 December 2018 (restated)	31,654,119	4,219,863	286,224	1,787,912	1,706,255	94,143	(70,793)	6,626,989	32,387,797	78,692,509
Adjustments *(Note 4)*	–	–	–	–	–	–	–	–	(30,539)	(30,539)
Balance at 1 January 2019 (restated)	**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**
Profit for the year	-	-	-	-	-	-	-	-	6,197,168	6,197,168
Other comprehensive income (expense)	-	-	-	-	-	-	6,182	(42,510)	-	(36,328)
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 subsidiaries under common control in 2019 *(Note 3)*	(24,318)	-	-	-	-	-	-	-	-	(24,318)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(3,877)	(3,877)
Dividends	-	-	-	-	-	-	-	-	(1,034,176)	(1,034,176)
Transfer	-	-	-	-	-	-	-	(157,395)	157,395	-
Balance at 31 December 2019	**31,629,801**	**4,532,524**	**401,243**	**1,897,412**	**2,061,384**	**75,301**	**(64,611)**	**6,549,670**	**36,677,706**	**83,760,430**

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 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 (2018: 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. DISPOSAL OF SUBSIDIARIES

In the prior year, 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. During the year, 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 subsidiaries.

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 subsidiaries:	
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)

45. CASH GENERATED

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

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Profit before income tax	**13,018,734**	9,925,298
Adjustments for:		
Depreciation charge	**8,956,371**	7,009,299
Amortisation charge	**725,873**	590,752
Provision for impairment of property, plant and equipment	**592,415**	866,456
Provision for impairment of prepayments	**16,545**	506
Provision for impairment of other non-current assets	**62,400**	–
Provision for impairment of inventories	**7,593**	143,016
Provision for impairment of mining rights	**9,224**	99,335
Impairment loss, net of reversal		
– Receivables	**(57,713)**	120,507
– Loans to fellow subsidiaries	**27,647**	12,784
– Contract assets	**607**	3,106
– Debt instruments at FVTOCI	**11,472**	–
– Other	**(46)**	–
Provision of obligations	**–**	45,713
Net losses on disposals of property, plant and equipment, land use rights and intangible assets	**13,517**	97,160
Share of profits of associates and joint ventures	**(2,597,358)**	(1,808,651)
Net foreign exchange losses/(gains)	**10,588**	(14,145)
Gain on disposal of subsidiaries and investments in associates	**(7,583)**	(380)
Interest income on term deposits with initial terms of over three months and loans receivables	**(73,376)**	(305,645)
Interest expense	**4,885,558**	4,367,071
Dividend income	**(968)**	(4,810)
Provision for close down, restoration, and environmental costs	**9,159**	64,319
Operating cash flows before movement in working capital	**25,610,659**	21,211,691
Changes in working capital:		
Inventories	**136,810**	(722,473)
Trade receivables/debt instruments at FVTOCI	**(2,210,845)**	302,935
Contract assets	**60,681**	(1,017,975)
Prepayments and other receivables	**128,615**	(8,190)
Restricted bank deposits	**(24,395)**	(882,490)
Trade and notes payables	**1,830,653**	8,686
Contract liabilities	**109,862**	125,262
Accruals, advances and other payables	**16,332**	4,019,560
Cash generated from operations	**25,658,372**	23,037,006

45. CASH GENERATED (CONTINUED)

45.2 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	Short-term bonds	Bonds	Other payables	Other long-term liabilities	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 36)		*(note 37)*	*(note a)*	*(note b)*		
At 1 January 2018	66,103,516	3,000,000	26,866,347	1,292,506	55,745	–	97,318,114
Proceeds from bonds and borrowings	19,092,960	–	6,990,081	–	535	–	26,083,576
Repayment of bonds and borrowings	(21,625,457)	(3,000,000)	–	–	–	–	(24,625,457)
Dividend and interest paid	–	–	–	(6,566,300)	–	–	(6,566,300)
Bonds commission fee paid	–	–	(9,919)	(42,000)	–	–	(51,919)
Finance costs	–	–	68,637	5,241,883	–	–	5,310,520
Dividend declared	–	–	–	1,633,581	–	–	1,633,581
Repayment of borrowings by bank acceptance notes	(100,885)	–	–	–	–	–	(100,885)
Transfer	–	–	(24,000)	24,000	–	–	–
Dividend paid by bank acceptance notes	–	–	–	(197,400)	–	–	(197,400)
At 31 December 2018 (restated)	63,470,134	–	33,891,146	1,386,270	56,280	–	98,803,830
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	**–**	**–**	**–**	**(7,233,474)**	**–**	**–**	**(7,233,474)**
Disposal of subsidiaries *(Note 44)*	**(1,154,300)**	**–**	**–**	**–**	**–**	**–**	**(1,154,300)**
Bonds commission fee paid	**–**	**–**	**–**	**(111,346)**	**–**	**–**	**(111,346)**
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	**61,314,191**	**–**	**32,926,037**	**1,395,442**	**–**	**503,523**	**96,139,193**

45. CASH GENERATED (CONTINUED)

Notes:

(a) Amount mainly represented dividends payable, interest payable and 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 year ended 31 December 2019 include:

The Group endorsed bank acceptance notes amounting to RMB2,382,386,000 (2018: RMB1,228,315,000) to settle the payables for purchase of property, plant and equipment during the year.

During the 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 44.

46. CONTINGENT LIABILITIES

The Group is a defendant in a number of lawsuits arising in the ordinary course of business. While the outcome of such lawsuits cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

47. 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	**31 December 2019 Face value** *RMB'000*	31 December 2018 Face value *RMB'000*
Bank loans of:			
– Related parties	2027	**12,823,594**	14,239,089
– Third parties	2045	**284,000**	508,866
Total		**13,107,594**	14,747,955

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 RMB6.91 billion and RMB655 million.

48. FINANCIAL RISK MANAGEMENT

48.1 Categories of financial instruments

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000* (Restated)
Assets		
Equity instruments at FVTOCI	**2,328,755**	4,563,851
Debt instruments at FVTOCI	**6,897,430**	9,989,407
Financial assets at amortised cost		
– Trade and other receivables excluding prepayments	**10,463,423**	6,766,234
– Long-term receivables	**8,822**	143,255
– Loans to fellow subsidiaries	**4,284,155**	3,005,805
– Restricted bank deposits and term deposits over three months	**13,466,428**	15,507,044
– Cash and cash equivalents	**12,137,419**	8,372,119
Finance lease receivables	**241,190**	417,695
Total	**49,827,622**	48,765,410
Liabilities		
Financial liabilities at amortised cost		
– Borrowings	**61,314,191**	63,470,134
– Bonds	**32,926,037**	33,891,146
– Trade and other payables	**38,845,746**	37,671,300
– Other long-term liabilities	**3,708,236**	2,297,941
Lease liabilities	**503,523**	–
Total	**137,297,733**	137,330,521

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 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 (d)), 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 historically has not used any derivative instruments to hedge exchange rate of USD and currently does not have a policy to do so in the foreseeable future. If USD had appreciated/depreciated by 10% against RMB, the Group's post-tax profit for 2019 would have increased/decreased by RMB26,017,000 (2018: RMB14,961,000), with all other variables held constant.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including 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 historically 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 (2018: 50 basis points) higher/lower with all other variables held constant, post-tax profit for 2019 would have been RMB200,561,000 (2018: RMB182,069,000) lower/higher after consideration of capitalisation of interest expenses.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 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 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group is disclosed in Note 47. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, 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 its subsidiaries (excluding the Group)/financial guarantee contacts

The Group provided loans to the Parent Company and its 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.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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 Group's financial assets, contact assets, finance lease receivables and financial guarantee contacts, which are subject to ECL assessment:

31 December 2019:

	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**	**7,654,201**	**183,157**	**7,837,358**
– Other receivables	**3,165,480**	**19,726**	**483,999**	**3,669,205**
– Long-term receivables	**8,822**	**–**	**–**	**8,822**
– Loans to 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	**12,137,419**	**–**	**–**	**12,137,419**
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**

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

31 December 2018 (restated):

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Debt instruments at FVTOCI	9,989,407	–	–	9,989,407
Financial assets at amortised cost				
– Trade receivables *(note ii)*	N/A	5,268,125	182,636	5,450,761
– Other receivables	1,923,030	35,566	386,188	2,344,784
– Long-term receivables	143,255	–	–	143,255
– Loans to fellow subsidiaries	3,050,695	–	–	3,050,695
– Restricted bank deposits and term deposits over three months	15,507,044	–	–	15,507,044
– Cash and cash equivalents	8,372,119	–	–	8,372,119
Other items subject to ECL				
Contract assets *(note ii)*	N/A	1,017,975	–	1,017,975
Finance lease receivables *(note ii)*	N/A	417,695	–	417,695
Financial guarantee contacts *(note i)*	20,231,567	–	–	20,231,567

Notes:

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

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

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
As at 1 January 2018	450,337	52,903	503,240
– Impairment losses recognised	58,706	59,209	117,915
– Impairment losses reversed	(44,909)	(1,960)	(46,869)
– Write-offs	–	(2,653)	(2,653)
– Others	845	–	845
As at 31 December 2018 (restated)	464,979	107,499	572,478
– Impairment losses recognised	**25,017**	**9,778**	**34,795**
– Impairment losses reversed	**(61,885)**	**(3,561)**	**(65,446)**
– Write-offs	**–**	**(16,978)**	**(16,978)**
– Transfer	**(218,572)**	**218,572**	**–**
As at 31 December 2019	**209,539**	**315,310**	**524,849**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The following tables show reconciliation of loss allowances that has been recognised for long-term receivables, entrust loans, loans to 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 2018	99,144	728	339,601	439,473
– Impairment losses recognised	13,559	6,907	46,078	66,544
– Impairment losses reversed	(178)	(40)	(975)	(1,193)
– Others	–	–	5	5
As at 31 December 2018 (restated)	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**

(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.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 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 2019, the Group's current liabilities exceeded its current assets by approximately RMB28,647 million. Details of the way 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 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 2019							
Bank 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**	**38,845,746**	**–**	**–**	**–**	**38,845,746**	**38,845,746**
Other long-term liabilities	**N/A**	**–**	**1,197,986**	**1,190,135**	**1,568,469**	**3,956,590**	**3,708,236**
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		**101,463,233**	**24,528,077**	**34,738,663**	**6,996,551**	**167,726,524**	**137,297,733**
At 31 December 2018							
Bank borrowings	4.95%	20,838,661	18,203,357	21,748,818	10,931,444	71,722,280	63,470,134
Bonds	5.04%	7,775,050	12,442,250	18,466,390	–	38,683,690	33,891,146
Trade and other payables	N/A	37,671,300	–	–	–	37,671,300	37,671,300
Other long-term liabilities	N/A	–	293,488	791,338	1,363,767	2,448,593	2,297,941
Financial guarantees	N/A	20,231,567	–	–	–	20,231,567	–
Total		86,516,578	30,939,095	41,006,546	12,295,211	170,757,430	137,330,521

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 net out in Note 47.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Fair value estimation

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

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

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

Financial assets	Fair value as at 31 December 2019 *RMB'000*	31 December 2018 *RMB'000*	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Listed equity instruments at FVTOCI	**24,730**	25,565	Level 1	Quoted bid prices in an active market.
2) Debt instruments at FVTOCI	**6,897,430**	9,989,407	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of the drawee of notes at the end of the reporting period. 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.
3) Unlisted equity instruments at FVTOCI	**2,304,025**	4,538,286	Level 3	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 comparables.

Notes to the Consolidated Financial Statements

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48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Fair value estimation (continued)

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

Reconciliation of Level 3 fair value measurements of financial assets

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Beginning of the year	**4,538,286**	3,707,613
Additions	**105,000**	1,080,000
Transfer	**(2,265,793)**	–
Total losses in other comprehensive income	**(73,468)**	(177,664)
Other	**–**	(71,663)
End of the year	**2,304,025**	4,538,286

Included in other comprehensive income is loss of RMB73,468,000 (2018: RMB177,664,000) 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 2019		As at 31 December 2018	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000* (Restated)	Fair value *RMB'000* (Restated)
Long-term borrowings (Level 2)	**34,374,705**	**34,515,631**	45,317,056	45,624,922
Long-term bonds (Level 1)	**32,926,037**	**34,094,934**	33,891,146	35,466,685

The fair value of long-term borrowings was determined based on discounted cash flows and the key input is the discount rate that reflects the credit risk of the borrowers. The fair value of long-term bonds was based on quoted market price.

49. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns 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 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 2019 and 2018 were as follows:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000* (Restated)
Total borrowings, bonds and deposits from fellow subsidiaries	**103,171,918**	106,569,147
Less: cash and cash equivalents	**(12,137,419)**	(8,372,119)
Net debt	**91,034,499**	98,197,028
Total equity	**117,369,079**	110,647,618
Total capital	**208,403,578**	208,844,646
Gearing ratio	**44%**	47%

50. COMMITMENTS

(a) Capital commitments

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

	2019 *RMB'000*	2018 *RMB'000*
Property, plant and equipment	**6,905,253**	3,870,828
Mining rights	**235,000**	235,000
	7,140,253	4,105,828

50. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 December 2018 *RMB'000*
Within one year	87,481
In the second to fifth year inclusive	237,691
After five years	397,958
	723,130

(c) 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 2019 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 Shaanxi Yulin (a subsidiary of the Company), Shaanxi Coal and Chemical Industry Group Co., Ltd., Shaanxi Yulin Coal Distribution Co., Ltd. and other six companies. As a 4% shareholder, by 31 December 2019 Shaanxi Yulin has invested RMB215 million in Jingshen Railway and is committed to further invest RMB33 million in the future.

51. 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 2019 and 2018.

51. 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:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Transactions with the Parent Company and fellow subsidiaries		
Coal Export and Sales (i)		
Charges paid for agency services of coal export	**–**	–
Integrated Material and Services Mutual Provision (ii)		
Purchase of production material, machinery and equipment from the Parent Company and fellow subsidiaries	**3,619,968**	2,607,269
Charges for social and support services provided by the Parent Company and fellow subsidiaries	**83,598**	40,991
Sales of production material, machinery and equipment to the Parent Company and fellow subsidiaries	**1,415,130**	386,707
Revenue of coal export-related services from the Parent Company and fellow subsidiaries	**1,040**	–
Mine Construction, Design and General Contracting Service (iii)		
Charges for mine construction and design services provided by the Parent Company and fellow subsidiaries	**1,820,749**	2,025,154
Leasing		
Rental fees relating to property leasing paid to the Parent Company and fellow subsidiaries (iv) (ix)	**54,946**	108,708
Rental fees relating to land use right leasing paid to the Parent Company and fellow subsidiaries (v) (ix)	**–**	49,670
Interest expenses on lease liabilities (ix)	**26,704**	–
Expenses relating to short-term leases and leases of low-value assets paid to the Parent Company and fellow subsidiaries (ix)	**74,207**	–
Operating lease expenses	**–**	64,116
Lease liabilities payable to the Parent Company and fellow subsidiaries (ix)	**481,701**	–

51. 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)

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Transactions with the Parent Company and fellow subsidiaries – continued		
Coal Supplies (vi)		
Coal purchased from the Parent Company and fellow subsidiaries	**4,878,939**	3,756,644
Financial Services (vii)		
Loans provided to the Parent Company and fellow subsidiaries	**4,090,000**	4,495,695
Loans repayment received from the Parent Company and fellow subsidiaries	**2,784,002**	4,653,000
Deposits received from the Parent Company and fellow subsidiaries	**–**	3,806,691
Deposits paid to the Parent Company and fellow subsidiaries	**164,177**	–
Interest paid	**91,416**	49,710
Interest received	**172,398**	153,268
Charges for providing entrusted loans	**158**	2,047
Fee paid for use of trademark to the Parent Company (viii)	**RMB1**	RMB1

Notes:

(i) Under the relevant PRC laws and regulations, coal exports shall only be made through one of four authorised PRC enterprises including China Coal Group. The Company appointed China Coal Group as its coal export sales agent under a Coal Export and Sales Agency Framework Agreement entered into on 5 September 2006. Pursuant to the agreement, the agency fee is determined based on market price and the agency fee for the coal exports. The agency fees are payable on a monthly basis, effective from 31 December 2008. The agreement was renewed to extend the term to 31 December 2020.

(ii) 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 Company and China Coal Group entered into a Supplementary Agreement to the Integrated Materials and Services Mutual Provision Framework Agreement on 31 December 2012. Pursuant to the agreement, the service fee is 65% of the actual export agency fee charged by China Coal Group in respect of each ton of coal products exported. The above two agreements were renewed to extend the term to 31 December 2020.

51. 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: (continued)

(iii) 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;
- For engineering design, construction and general contracting, services providers and pricing would be determined in the form of public bidding; and
- The agreement was effective until 31 December 2014.

The agreement was renewed to extend the term to 31 December 2020.

(iv) 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 RMB111,040,000 for 2018 to 2020.

(v) The Company and China Coal Group entered into a Land Use Rights Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases certain land use rights in the PRC from China Coal Group for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three years based on market price. This agreement is effective for 20 years. The cap of annual lease payment for 2018 to 2020 is RMB56,090,000.

(vi) 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.

(vii) China Coal Finance Co., Ltd. and China Coal Group entered into a Financial Services Framework Agreement on 18 March 2014, under which the Company provides financial services to China Coal Group within its business scope. This agreement was effective until 31 December 2014, and was renewed to extend the term to 31 December 2020.

(viii) 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 companies without use 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.

51. 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: (continued)

(ix) As set out in Note 4.1, the Group applied modified retrospective approach under IFRS 16 at the date of initial application, 1 January 2019. The Group recognised lease liabilities except for lease payments subject to recognition exemption, i.e. lease payments on short-term leases and leases of low-value assets, which are recognised as expense. Interest expense on lease liabilities are recognised accordingly.

	2019	2018
	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**	60,147
Income from renting property, plant and equipment	**113**	–
Purchases of goods and services:		
Purchases of coal	**218,110**	–
Received construction and technology services	**–**	243
Financial services:		
Loans repayment received	**–**	402,000
Interest income	**–**	6,120

51. 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)

	2019 *RMB'000*	2018 *RMB'000* (Restated)
Transactions with associates of the Group:		
Sales and services provided:		
Sales of machinery and equipment	**124,351**	259,182
Sales of materials and spare parts	**84,052**	111,419
Railway rental income	**126,903**	125,889
Income from providing labour services	**67,335**	90,503
Sales of coal	**2,373,465**	1,739,974
Sales of providing production materials and auxiliary services	**226,905**	222,562
Income from providing labour services	**115**	3,070
Purchases of goods and services:		
Purchases of coal	**1,968,328**	1,024,543
Purchases of materials and spare parts	**1,790,289**	1,702,465
Transportation services purchased	**2,880,462**	1,872,304
Purchases of machinery and equipment	**–**	4,134
Receiving social services, railway custody service, construction and technical services	**52,128**	30,466
Financial services:		
Loan repayment from associates of the Group	**150,000**	–
Interest income	**20,262**	–
Leasing		
Lease liabilities payable to associates of the Group (ix)	**19,927**	–
Transactions with a substantial shareholder of a significant subsidiary		
Sales and services provided (x)		
Sales of coal	**367,244**	471,313
Sales of machinery and equipment	**25,270**	79,355
Infrastructural Project and Procurement of Coal Mining Facilities Services (x)		
Charges for infrastructural project and procurement of coal mining facilities services	**–**	–

51. 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: (continued)

(x) The Company and Shanxi Coking Coal 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.

	2019 *RMB'000*	2018 *RMB'000*
Transactions with the primary shareholders with significant influence over subsidiaries		
Sales and services provided		
Sales of coal	**39,202**	60,341

Commitments to the Parent Company and fellow subsidiaries

	2019 *RMB'000*	2018 *RMB'000*
With the Parent Company and fellow subsidiaries		
– Purchases of services	**5,972,441**	603,877
– Leasing payments	**600**	720,173
Total	**5,973,041**	1,324,050

Loan guarantees to related parties of the Group

	2019 *RMB'000*	2018 *RMB'000*
Loan guarantees to		
– Associates	**12,578,594**	13,940,589
– A joint venture	**245,000**	298,500
Total	**12,823,594**	14,239,089

51. 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 2018 and 2019, 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
- Cash 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;
- Retirement benefit plans.

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

51. 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 (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:

	2019	2018
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**2,406**	2,261
– Other key management	**3,968**	4,589
	6,374	6,850
Pension costs-defined contribution plans		
– Directors and supervisors	**182**	148
– Other key management	**410**	512
	592	660
	6,966	7,510

52. EVENTS AFTER THE END OF THE REPORTING PERIOD

Up to the date of approval of these consolidated financial statements, the prevention and control of the 2019 Novel Coronavirus ("COVID-19") across China has been continuously improved. Overall promotion of prevention and control of COVID-19 and economic and social development has made positive achievements, however, COVID-19 rapidly spreads all over the world. The Group will continue to pay close attention to the development of the COVID-19 epidemic situation, assess and react actively to its impacts on the Group.

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

Statement of financial position of the Company

	As at 31 December 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**95,262**	95,552
Intangible assets	**66,794**	69,053
Investments in subsidiaries	**83,051,229**	79,174,713
Investments in associates	**14,377,650**	12,088,949
Investments in joint ventures	**213,433**	213,433
Equity instruments at FVTOCI	**2,031,918**	4,334,446
Deferred income tax assets	**1,594,117**	1,747,189
Loans to subsidiaries	**15,220,265**	21,554,506
Other non-current assets	**1,131,666**	1,132,757
	117,782,334	120,410,598
Current assets		
Inventories	**544,947**	556,528
Trade receivables	**911,292**	1,354,633
Debt instruments at FVTOCI	**153,235**	449,286
Prepayments and other receivables	**116,606**	302,943
Amounts due from subsidiaries	**12,254,755**	10,269,665
Term deposits with initial terms of over three months	**3,206,304**	4,906,304
Cash and cash equivalents	**9,560,679**	5,502,342
	26,747,818	23,341,701
TOTAL ASSETS	**144,530,152**	143,752,299
EQUITY		
Share capital	**13,258,663**	13,258,663
Reserves	**43,709,816**	43,618,325
Retained earnings	**19,064,994**	17,999,065
Total equity	**76,033,473**	74,876,053

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

Statement of financial position of the Company (continued)

	As at 31 December 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
LIABILITIES		
Non-current liabilities		
Long-term borrowings	**12,452,000**	24,995,000
Long-term bonds	**21,934,045**	27,911,367
	34,386,045	52,906,367
Current liabilities		
Trade and notes payables	**2,162,100**	3,016,914
Contract liabilities	**198,091**	230,143
Accruals, advances and other payables	**7,384,286**	5,971,426
Taxes payable	**51,166**	60,918
Current portion of long-term borrowings	**13,323,000**	1,708,000
Current portion of long-term bonds	**10,991,991**	4,982,478
	34,110,634	15,969,879
Total liabilities	**68,496,679**	68,876,246
TOTAL EQUITY AND LIABILITIES	**144,530,152**	143,752,299

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 2018	38,713,240	4,048,325	182,792	18,089,452	61,033,809
Profit and total comprehensive (expense) income for the year	–	–	(162,920)	760,961	598,041
Appropriations	–	121,973	–	(121,973)	–
Dividends	–	–	–	(729,375)	(729,375)
Others	–	–	714,915	–	714,915
Balance at 31 December 2018	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**	**–**
Balance at 31 December 2019	**38,713,240**	**4,482,959**	**513,617**	**19,064,994**	**62,774,810**

Financial Summary for Recent Five Years

	2015 Annual Report	2016 Annual Report (Restated)	2017 Annual Report (Restated)	2018 Annual Report (Restated)	**2019 Annual Report**
Revenue and Profit					
Revenue	59,270,865	60,664,109	81,512,560	104,140,084	**129,293,733**
Profit/(Loss) before income tax	-3,575,678	3,002,878	7,075,008	9,925,298	**13,018,734**
Income tax expense/(gain)	-748,178	299,265	1,656,129	2,534,776	**3,499,326**
Profit/(Loss) for the year	-2,827,500	2,703,613	5,418,879	7,390,522	**9,519,408**
Attributed to					
Equity holders of the Company	-3,266,791	1,716,167	3,367,239	4,406,148	**6,197,168**
Non-controlling interests	439,291	987,446	2,051,640	2,984,374	**3,322,240**
Dividends	–	514,532	724,328	1,030,373	**1,687,931**
Basic earnings/(loss) per share attributable to the equity holders of the Company (RMB/Share)	-0.25	0.13	0.25	0.33	**0.47**
Assets and Liabilities					
Non-current assets	196,007,415	198,123,144	202,413,120	209,296,426	**217,443,354**
Current assets	62,018,579	44,572,628	49,587,129	54,976,390	**55,025,549**
Current liabilities	67,646,751	61,426,565	64,139,383	68,848,301	**83,672,102**
Net current liabilities	5,628,172	16,853,937	14,552,254	13,871,911	**28,646,553**
Total assets less current liabilities	190,379,243	181,269,207	187,860,866	195,424,515	**188,796,801**
Non-current liabilities	90,096,820	79,128,099	81,438,432	84,924,529	**71,575,881**
Net assets	100,282,423	102,141,108	106,422,434	110,499,986	**117,220,920**
Equity attributable to the equity holders of the Company	83,707,569	86,074,280	89,301,594	91,951,172	**97,019,093**
Non-controlling interests	16,574,854	16,066,828	17,120,840	18,548,814	**20,201,827**

Company Profile

Statutory Chinese Name of the Company	中國中煤能源股份有限公司
Abbreviated Statutory Chinese Name of the Company	中煤能源股份
Statutory English Name of the Company	China Coal Energy Company Limited
Abbreviated Statutory English Name of the Company	China Coal Energy
Legal Representative of the Company	Li Yanjiang

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)-82256479
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 of Exchange for listing of shares	Short name of stock	Stock Code	Short name of stock before change
A Shares	Shanghai Stock Exchange	中煤能源	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	01898	

Authorised Representatives of the Company	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
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
Pingshuo Mining Area	the coal mining area in Shanxi Province, mainly comprising the Antaibao Open Pit Mine and Underground Mine, the Anjialing Open Pit Mine and Underground Mine, and Pingshuo East Open Pit Mine
Nalin River No.2 Coal Mine	Nalin River No.2 Coal Mine Project of Wushenqi Mengda Mining Company Limited
Muduchaideng Coal Mine	Muduchaideng Coal Mine Project of Ordos Yihua Mining Resources Company Limited
Dahaize Coal Mine	Dahaize Coal Mine Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited
Xiaohuigou Coal Mine	Xiaohuigou Coal Mine Project of Shanxi Xiaohuigou Coal Industry 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
106 Coal Mine	106 Coal Mine of China Coal Energy Xinjiang Tianshan Coal Electricity 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
Pingshuo Group	China Coal Pingshuo Group Company Limited

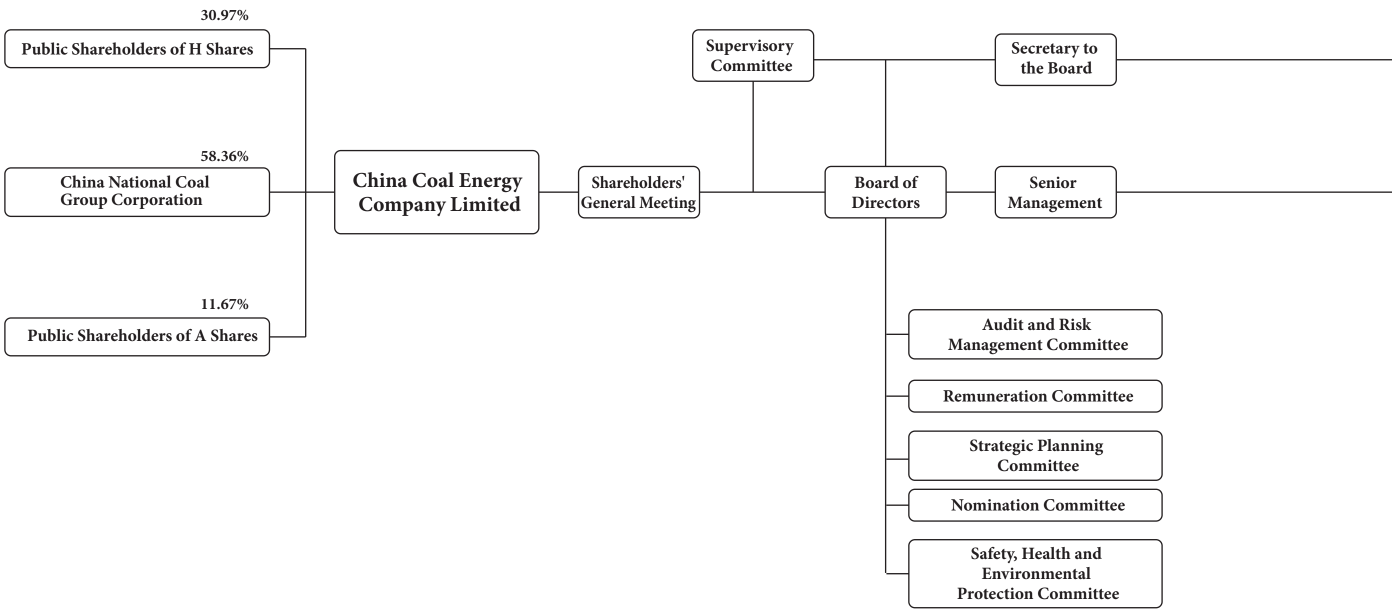
Definitions

China Coal Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
China Coal Huajin Company	China Coal Huajin Energy Group Limited
Resources Development Company	China Coal Resources Development Group Company Limited, formerly known as China Coal Import and Export Company
Huayu Company	China Coal Group Shanxi Huayu Energy Company Limited (formerly known as China Coal Group Shanxi Jinhaiyang Energy Company Limited)
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited
Northwest Energy Company	China Coal Northwest Energy Company Limited
Mengda Mining Company	Wushenqi Mengda Mining Company Limited
Finance Company	China Coal Finance Co., Ltd.
Longhua Company	China Coal Heilongjiang Coal Chemical Company Limited
Xiaohuigou Coal Company	Shanxi Xiaohuigou Coal Company Limited
Xinji Energy	China Coal Xinji Energy Co., Ltd.
Maying Coal Company	Shanxi Shuozhou Shanyin Jinhaiyang Maying Coal Company Limited
Nanliang Coal Company	Shaanxi Nanliang Coal Company Limited
Changhong Xinjian Company	Lingshi County Changhong Xinjian Coal Mine Company Limited
Xishahe Coal Company	Shanxi China Coal Xishahe Coal Company Limited
Dongrisheng Coal Mining Co., Ltd.	Shanxi China Coal Pingshuo Dongrisheng Coal Mining Co., Ltd.
Yihua Mining Company	Ordos Yihua Mining Resources Company Limited
Zhongtian Synergetic Company	Zhongtian Synergetic Energy Company Limited
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited

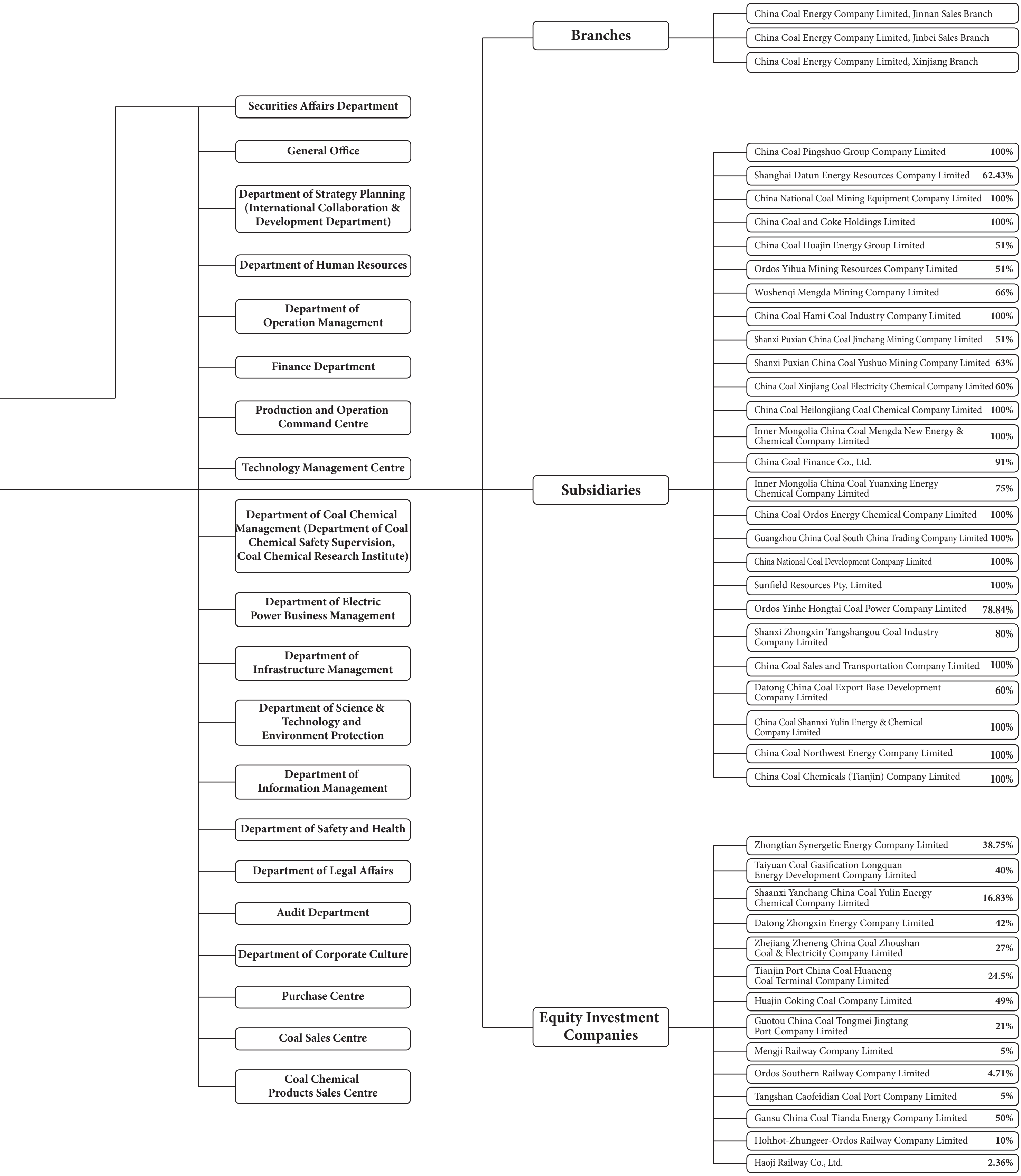
Definitions

Mengda Chemical Company	Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
CSRC	China Securities Regulatory Commission
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
RMB	RMB yuan

Organisation Chart of the Company



Organisation Chart of the Company



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