兖州煤业股份有限公司
Yanzhou Coal Mining Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 1171

2020
Annual Report

Important Notice

The Board, Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant the authenticity, accuracy and completeness of the information contained in the annual report and there are no misrepresentations, misleading statements contained in or material omissions from the annual report for which they shall assume joint and several responsibilities.

The 2020 Annual Report of Yanzhou Coal Mining Company Limited has been approved by the eleventh meeting of the eighth session of the Board. All ten Directors of quorum attended the meeting.

SHINEWING (HK) CPA Limited issued the standard independent auditor report with clean opinion for the Company.

Mr. Li Xiyong, Chairman of the Board, Mr. Zhao Qingchun, Chief Financial Officer, and Mr. Xu Jian, head of Finance Management Department, hereby warrant the authenticity, accuracy and completeness of the financial statements contained in this annual report.

The Board of the Company proposed to distribute a cash dividend of RMB10.00 per ten shares (tax inclusive) for the year of 2020 based on the number of shares on the record date of the dividend and equity distribution.

The forward-looking statements contained in this annual report regarding the Company's future plans do not constitute any substantive commitment to investors and investors are reminded of the investment risks.

There was no appropriation of funds of the Company by the Controlling Shareholder or its related parties for non-operational activities.

There were no guarantees granted to external parties by the Company without complying with the prescribed decision-making procedures.

The situation where the majority of the Directors cannot warrant the authenticity, accuracy and completeness of the information contained in the annual report does not exist.

The Company has disclosed the main risks faced by the Group, the influences and the countermeasures in this annual report. For details, please refer to the relevant content in "Chapter 5 Board of Directors' Report", to which the investors please pay attention.

Contents

Chapter 01

Definitions

In this Annual Report, unless the context requires otherwise, the following terms have the following meanings:

"Yanzhou Coal", "Company" or "the Company"	Yanzhou Coal Mining Company Limited, a joint stock limited company incorporated under the laws of the PRC in 1997 and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
"Group" or "the Group"	The Company and its subsidiaries;
"Yankuang Group" or "the Controlling Shareholder"	Yankuang Group Co., Ltd., a company with limited liability reformed and established under the laws of the PRC in 1996, being the controlling shareholder of the Company directly and indirectly holding 56.01% of the total share capital of the Company as at the end of the reporting period;
Shandong Energy Group	Shandong Energy Group Company Limited, a company renamed from Yankuang Group due to strategic restructuring;
"Yulin Neng Hua"	Yanzhou Coal Yulin Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a wholly-owned subsidiary of the Company which is mainly engaged in the production and operation of the chemical project in Shaanxi Province;
"Heze Neng Hua"	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield, Heze City, Shandong Province;
"Shanxi Neng Hua"	Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a wholly-owned subsidiary of the Company, which is mainly engaged in the management of projects invested in Shanxi Province by the Company;
"Hua Ju Energy"	Shandong Hua Ju Energy Company Limited, a joint stock limited company incorporated under the laws of the PRC in 2002 and a 95.14% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the thermal power generation with gangue and coal slurry and heating supply business;
"Ordos Neng Hua"	Yanzhou Coal Ordos Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2009 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development and operation of coal resources and coal chemical projects of the Company in the Inner Mongolia Autonomous Region;

"Haosheng Company"	Inner Mongolia Haosheng Coal Mining Company Limited, a company with limited liability incorporated under the laws of the PRC in 2010 and a 59.38% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the production and operation of Shilawusu coal mine in Ordos, Inner Mongolia Autonomous Region;
"Donghua Heavy Industry"	Yankuang Donghua Heavy Industry Company Limited, a company with limited liability incorporated under the laws of the PRC in 2013 and a wholly-owned subsidiary of the Company, which is mainly engaged in the design, manufacture, installation, repair and maintenance of mining equipment, electromechanical equipment and parts;
"Zhongyin Financial Leasing"	Zhongyin Financial Leasing Company Limited, a company with limited liability incorporated under the laws of the PRC in 2014 and a wholly-owned subsidiary of the Company, which is mainly engaged in the financial leasing, leasing, leasing trade consultation and guarantees, commercial factoring related to main business, etc.;
"Yankuang Finance Company"	Yankuang Group Finance Co., Ltd., a company with limited liability incorporated under the laws of the PRC in September 2010 and a 95% owned subsidiary of the Company as at the end of the reporting period;
"Inner Mongolia Mining"	Inner Mongolia Mining (Group) Co., Ltd., a company with limited liability incorporated under the laws of the PRC in September 2013 and a 51% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the investment and management of mineral resources, mineral products sales, import and export trade and other businesses;
"Shaanxi Future Energy"	Shaanxi Future Energy Chemicals Co. Ltd., a company with limited liability incorporated under the laws of the PRC in September 2011 and a 73.97% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the R&D, production and sales of chemical products, coal mining and sales, etc.
"Lunan Chemicals"	Yankuang Lunan Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2007 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development, production and sales of chemical products, etc.
"Yancoal Australia"	Yancoal Australia Limited, a company with limited liability incorporated under the laws of Australia in 2004 and a 62.26% owned subsidiary of the Company as at the end of the reporting period, the shares of which are traded on the Australian Securities Exchange and the HKEX respectively;

Chapter 01 Definitions

"Yancoal International"	Yancoal International (Holding) Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of the Company;
"Yancoal International Resources"	Yancoal International Resources Development Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of Yancoal International;
"Coal & Allied"	Coal & Allied Industries Limited, a company with limited liability incorporated under the laws of Australia and a wholly-owned subsidiary of Yancoal Australia;
"Railway Assets"	The railway assets specifically used for coal transportation of the Company, which are located in Jining City, Shandong Province;
"H Shares"	Overseas listed foreign invested shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are traded on the HKEX;
"A Shares"	Domestic shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
"PRC"	The People's Republic of China;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"CASs" or "ASBEs"	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC;
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board;
"CSRC"	China Securities Regulatory Commission;
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"HKEX" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Shanghai Stock Exchange"	The Shanghai Stock Exchange;
"Company Law"	Company Law of the PRC;
"Securities Law"	Securities Law of the PRC;

"Articles"	The Articles of Association of the Company;
"JORC"	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientist and Minerals Council of Australia;
"JORC Code"	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition;
"Shareholders"	The shareholders of the Company;
"Directors"	The directors of the Company;
"Board"	The board of directors of the Company;
"Supervisors"	The supervisors of the Company;
"Board of supervisors"	The board of supervisors of the Company
"RMB"	Renminbi, the lawful currency of the PRC, unless otherwise specified;
"AUD"	Australian dollars, the lawful currency of Australia;
"USD"	United States dollars, the lawful currency of the United States;
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong.

Chapter 02

Company Information and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Statutory Chinese Name:	兖州煤業股份有限公司
Abbreviation of Chinese Name:	兖州煤業
Statutory English Name:	Yanzhou Coal Mining Company Limited
Legal Representative:	Li Xiyong
Authorized Representatives of HKEX:	Zhao Qingchun, Jin Qingbin

II. CONTACT DETAILS

	Secretary to the Board:	Securities Representative of Shanghai Stock Exchange:
Name	Jin Qingbin	Shang Xiaoyu
Address	Secretary Office to the Board, 298 Fushan South Road, Zoucheng City, Shandong Province, PRC	Secretary Office to the Board, 298 Fushan South Road, Zoucheng City, Shandong Province, PRC
Tel	(86 537) 538 2319	(86 537) 538 4451
Fax	(86 537) 538 3311	(86 537) 538 3311
E-mail	yzc@yanzhoucoal.com.cn	xyshang.yzc@163.com

III. GENERAL INFORMATION

Registered Address:	298 Fushan South Road, Zoucheng City, Shandong Province, PRC
Postal Code:	273500
Office Address:	298 Fushan South Road Zoucheng City Shandong Province, the PRC
Postal Code:	273500
Official Website:	http://www.yanzhoucoal.com.cn
E-mail Address:	yzc@yanzhoucoal.com.cn

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Newspapers for information disclosure in the PRC:	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publishing annual report:	Website for publishing A shares annual report: http://www.sse.com.cn Website for publishing H shares annual report: http://www.hkexnews.hk
The annual reports are available at:	Secretary Office to the Board, Yanzhou Coal Mining Company Limited, 298 Fushan South Road Zoucheng City Shandong, the PRC.

V. CORPORATE STOCKS

Stock type	Place of Listing	Stock Abbreviation	Stock Code
A share	The Shanghai Stock Exchange	Yanzhou Mei Ye	600188
H share	HKEX	–	01171

VI. OTHER INFORMATION

Certified Public Accountants (Domestic)

Name:	Shine Wing Certified Public Accountants (special general partnership)
Office Address:	9/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC
Signing Auditor:	Ji sheng, Ding Huichun

Certified Public Accountants (Overseas)

Name:	SHINEWING (HK) CPA Limited
Office Address:	43/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Signing Auditor:	Lau Kai Wong

Domestic Legal Advisor

Name:	King&Wood Mallesons, PRC Lawyers, Beijing
Office Address:	17-18th Floor, East Tower, World Financial Center, 1 East 3rd Ring Middle Road, Chaoyang District, Beijing, PRC

Hong Kong Legal Advisor

Name:	Baker & McKenzie
Office Address:	14th Floor, Block 1, Taikoo Place, 979 King's Road, Quarry bay, Hong Kong

Shanghai Share Registrar

Name:	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Office Address:	188 Yanggao South Road, Pudong, Shanghai, PRC

Hong Kong Share Registrar

Name:	Hong Kong Registrars Limited
Office Address:	Rooms 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

Liaison Office in Hong Kong

Office Address:	40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Contact Person:	Leung Wing Han Sharon
Tel:	(852) 3912 0800
Fax:	(852) 3912 0801

VII. FINANCIAL HIGHLIGHTS OF THE LAST FIVE YEARS

(Prepared in accordance with the IFRS)

The financial highlights were prepared based on the financial information set out in the audited consolidated income statements, consolidated balance sheets and the consolidated cash flow statements of the Group from 2016 to 2020.

(I) Operating Results

Unit: RMB' 000

	Year ended 31 December				
	2020	2019	2018	2017	2016
Sales income	**69,123,020**	67,804,644	67,447,104	52,672,105	33,272,432
Gross profit	**14,092,367**	21,029,486	24,306,538	18,915,405	9,463,988
Finance cost	**-2,867,029**	-2,751,234	-3,612,394	-3,255,404	-2,501,016
Profit before tax	**7,372,354**	14,986,842	15,931,098	11,278,241	2,695,112
Net profit attributable to Shareholders	**6,318,000**	9,388,645	8,582,556	7,362,675	1,649,391
Earnings per share [3]	**RMB1.29**	RMB1.91	RMB 1.75	RMB 1.50	RMB 0.34
Dividend per share [4]	**RMB1.00**	RMB0.58	RMB 0.54	RMB 0.48	RMB 0.12

Note:

1. In 2020, the Company consolidated the financial statements of Qingdao Duanxin Asset Management Co., Ltd., Yankuang Intelligent Ecology Co., Ltd, Shaanxi Future Energy, Yankuang Yulin Fine Chemicals Co., Ltd. (" Fine Chemicals "), Lunan Chemicals, Yankuang Jining Chemical Equipment Co., Ltd. ("Chemical Equipment"), Yankuang Coal Chemical Supply & Marketing Co., Ltd. ("Supply & Marketing Company"), Shandong Yankuang Jining No.3 Power Plant ("Jining No.3 Power Plant") and Inner Mongolia Mining. In 2018, the Company consolidated the financial statements of Yankuang (Hainan) Intelligent Logistics Scientific Co., Ltd. ("Intelligent Logistics"). In 2017, the Company consolidated the financial statements of Yanzhou Coal Blue Sky Clean Energy Co., Ltd., Yanzhou Coal Mining Engineering Co., Ltd., Wuxi Dingye Energy Co., Ltd. ("Wuxi Dingye") and Yankuang Finance Company. In 2016, the Company consolidated the financial statements of Shandong Yanmei Property Services Co., Ltd., Shandong Zhongyin International Trade Co., Ltd. and Duanxin Investment Holding (Shenzhen) Co., Ltd.

2. The Company would no longer consolidate the financial statement of Intelligent Logistics since 31 December 2020. The Company had no longer consolidated the financial statements of Jinan Duanxin Mingli Financial Consulting Partnership (Limited), Zoucheng Yankuang Beisheng Industry Trade Company Limited since 2020. And the Company had no longer consolidated the financial statements of Shandong Yanzhou Coal Property Service Co., Ltd.

3. The Company implemented H-share repurchase in 2020. Earnings per share, dividend per share are calculated based on the weighted average number of shares issued in 2020.

4. The dividend per share for the year 2020 refers to the dividends recommended to be declared. For details, please refer to the section headed Profit Distribution Plan for 2020 in this report.

(II) Assets and Liabilities

Unit: RMB'000

	Year ended 31 December				
	2020	2019	2018	2017	2016
Net current assets	**-45,023,397**	-4,052,846	5,230,224	1,523,280	-9,872,437
Net value of property, plant and equipment	**65,516,221**	44,995,450	45,296,120	46,267,729	31,023,022
Total assets	**273,009,258**	210,760,571	206,003,615	197,312,624	147,455,472
Total borrowings	**92,262,944**	65,375,491	68,677,923	70,360,694	65,577,791
Equity attributable to Shareholders	**57,894,751**	54,119,800	52,077,360	47,410,866	37,138,676
Net asset value per share	**RMB11.91**	RMB 11.02	RMB 10.60	RMB 9.65	RMB7.56
Return on net assets (%)	**10.91**	17.35	16.48	15.53	4.44

(III) Summary of Cash Flow Statement

Unit: RMB' 000

	Year ended 31 December				
	2020	2019	2018	2017	2016
Net cash from operating activities	**6,958,798**	16,411,202	18,243,311	12,161,766	11,220,674
Net increase (decrease) in cash and cash equivalents	**-5,462,167**	-4,885,829	6,180,131	4,900,230	-3,695,940
Net cash flow per share from operating activities	**RMB1.43**	RMB3.34	RMB 3.71	RMB 2.48	RMB 2.28

Business Highlights

I. MAIN BUSINESSES, BUSINESS MODEL AND INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

(I) Main Businesses and Business Model

1. Coal business

The Company is one of the main coal producers, suppliers and traders in China and Australia. The products of the Company mainly include thermal coal, PCI coal and coking coal applicable to electric power, metallurgy and chemical industry, etc., which are mostly sold to East China, North China, South China, Northwest China and other regions of China, as well as Japan, South Korea, Singapore, Australia and other countries.

2. Coal chemical business

The Company's coal chemical business is concentrated in Shandong Province, Shaanxi Province and Inner Mongolia Autonomous Region. The main products including methanol, liquid wax, stable light hydrocarbon, acetic acid, ethyl acetate, etc. are mostly sold to North China, East China, South China and Northwest China.

(II) Industry Situation Analysis

In 2020, the supply-side structural reform in coal industry was deeply progressed. Coordinated efforts were made to prevent and control the pandemic as well as resume work and production. Coal output was remained at a relatively high level, and supply was generally stable. Coal prices fluctuated greatly, influenced by multiple factors such as advanced release of coal production capacity in the early stage, sustained and stable economic recovery in the later stage, mismatch between coal supply and demand in stages, and low temperature and cold wave, etc.

II. STATEMENTS OF SIGNIFICANT CHANGES OF MAJOR ASSETS DURING THE REPORTING PERIOD

(All financial data in this section are prepared in accordance with CASs)

For the details of changes on assets of the Company and reasons for fluctuations during the reporting period, please refer to "Chapter 5 Board of Directors' Report".

Including: Overseas assets of RMB72,374 billion, representing 28.0% of total assets, with no significant change compared with that of the previous year. Since 2004, relying mainly on Yancoal Australia and Yancoal International, the Company has set up related overseas investment management platforms through various methods, such as overseas assets or equity acquisition, company incorporation, stock swap and merger etc. For the details in relation to the production and operation of Yancoal Australia and Yancoal International, please refer to "Chapter 5 Board of Directors' Report".

III. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

In 2020, the Group, by seizing policy opportunities of supply-side structural reform and strategic opportunities of restructuring of Yankuang Group and Shandong Energy, has continuously improved the core competitiveness in various ways, such as optimizing the industrial structure and regional distributions, optimizing increment and tapping the full potential of existing resources, deeply digging internal potential and improving the quality and efficiency, deepening measures of reform and innovation. Acquiring high-quality coal chemical and electric power business assets from controlling shareholders with RMB18.355 billion in cash, the Group realized the extension of industrial chain, the improvement of scale equivalent, and the enhancement of anti-risk ability. Completing the capital increase and holding of from Inner Mongolia Mining Group, the Group increased coal resources by 4.75 billion tons on equity base, and would gradually demonstrate the supply capacity of high-quality resources. Completing the acquisition of 10% equity of the joint venture of Moolarben Coal Mine, the Group efficiently integrated overseas resources and continuously improved the ability of global integrated development. Vigorously implementing the clean coal strategy, steadily increasing the proportion of high value-added products, the Group continuously increased the market share of clean coal products. Owning a large number of completed coal chemical industrial chain such as coal gasification, coal liquefaction, etc., having built a cluster development system of coal chemical industry, the Company realized the development pattern of the whole industrial chain "from raw materials to terminal products". Having become the only enterprise in China that has mastered high temperature and low temperature Fischer-Tropsch synthesis technologies, the Company has broken the foreign monopoly in the 100,000 tons/year Fischer-Tropsch wax processing project. Selecting the opportunity to exit the non-coal trading industry, managing risks are under control, the Company accelerated the pace of transformation and upgrading. Leading the development of industries through scientific and technological innovation, the Company has built a number of domestically advanced and internationally first-class intelligent coal mining and road development working faces, resulting in the forefront positioning in the industry for intelligent mine construction. The reform tasks of the "Double Hundred Actions" for SOE reform having been accomplished with high quality, the effectiveness and benefits of the Company's reform has been at the forefront of SOEs. Aim for a green and low carbon recycling growth, the key technology on civil coal-fired clean heating process was reached an advanced international level, and the construction of a model project on ecological rehabilitation in the subsidence area was speed up, which set a leading trend in the industry.

Chapter 04

Chairman’s Statement

Mr. Li Xiyong
Chairman

Respected Shareholders,

I, on behalf of the Board, would like to present the 2020 annual report of the Company and report our development plan for the year 2021 to all Shareholders.

In 2020, given the severe impact brought by COVID-19 pandemic to global economy, Chinese government has combated against the pandemic and promote social economy development in an overall planning, and achieved stable economic development in general. Thanks to the accelerated economic recovery and increasing governmental regulating efforts, coal supply and demand maintained a general balance, and coal price fluctuated in a medium-high range.

In the past year, confronted with in-depth macro-economic structure adjustment and coal market volatility, Yanzhou Coal stuck to its strategic position, firmed confidence, explored for incremental growth and revitalized the inventory, improved quality and increased economic benefit, optimized management and reduced cost, adjusted structure and stabilized operation and enhanced reform to stimulate company vitality. As a result, the Company’s core competitiveness, value creation ability, anti-risk ability have been promoted in an all-round way, and achieved stable and sound momentum of growth.

During the Reporting Period, the Group produced salable coal 104.04 million tons, chemical products 2.09 million tons; sold 136.25 million tons of salable coal and 2.10 million tons of chemical products; recorded sales income of RMB69.123 billion, profit before tax RMB7.372 billion; net income attributable to shareholders RMB6.318 billion, outperforming the industry.

Focus on main business and make it better and stronger. In term of **coal industry,** the Company gave full play to synergy between the headquarter, Shaanxi-Inner Mongolia and Australia bases to realize complementary support in economic benefit. **The headquarter base** implemented stable production and fine mining and significantly improved profit-generating capability and efficiency. **The Shaanxi-Inner Mongolia base** accelerated project approving procedures and construction, acquired controlling shares of Inner Mongolia Mining Group through capital increase, which contributed additional 4,750 million tons of coal resource on equity base. The accelerated release of production capacity by four 10Mt/a coal mines consolidated its momentum of development. **The Australia Base** purchased additional 10% equity interest of Moolarben Coal Mine, maximized the incremental capacity potentiality, and mass production and development quality were significantly improved. The uncertainties caused by Yancoal Australia's reconsolidation of the statements of Watagan was eliminated. **In term of coal chemical industry**, the Company merged the prime assets held by the controlling shareholder, and established four high-end coal chemical industry parks to make scale production more effective. Based on several comprehensive coal chemical industry chains, great efforts were made to use coal as raw materials instead of fuel to produce different series of coal chemical products, and realize complete industry chain development with diversified products.

Tap market potentialities and implement intelligent marketing. The Company maximized marketing benefit by catching changing market trend and adopting flexible marketing tactics. **Increased market share and optimized clients distribution.** Focus on coal to control of resources, channels, market and price, the Company explored emerging strategic market while maintaining traditional high price market. The sales volume to long-term contract clients was up to 74% over the total sales volume of the headquarter base, market discourse power and regional competitiveness was substantially enhanced. **Increase clean coal production and implement customized coal.** With the concept of "clean coal is profit" in mind, the Company fully tapped added value of the products, the sales volume of clean coal increased steadily. Based on market demand and the industry characteristics of the downstream clients, the Company adopted order-deal processing and allocation services. And the sales volume of customized coal is more than 17.09 million tons. **Diversified coal products and optimized products mix.** In response to market demand, the Company increased production of best-selling and high value-added coal products by use of advantageous coal preparation and processing techniques. As a result, both the coal production and sales volume increased. Coal chemical companies implemented "one raw material with multiple production line" to realize flexible production, and increase production proportion of products with high margin profit and strong market competitiveness to maximize economic benefit.

Reduced cost significantly by lean management and tapping potentials. The Company strengthened lean management, gave priority to "volume, cost and profit" analysis, implemented all-round cost reduction and improved efficiency by management and innovation. **Reduced cost by production organization.** The Company accelerated production layout adjustment, production technology upgrading and process design optimization; enhanced reversed cost-profit assessment. As a result, the sales cost of domestic salable coal reduced as compared with the same period of the previous year. **Reduced expenditure by detailed budget.** By promoting overall budget management at all levels and giving full play of the strict control by financial sharing platform, the general production investment and non-production investment were significantly reduced. The structure of liabilities was also optimized step by step by replacing high-interest debt with low one, long-term debt with short-term one. **Reduced inventory by repairing and recycling long-serviced equipment and rejected materials.** Great efforts were made to reduce inventory, repair and recycle long-serviced equipment and the rejected materials and liquidize the stale assets. The goods and materials were utilized in a synergetic and efficient way. At the same time, the occupation of funds in relation to inventory was greatly reduced due to the implementation of supermarket consignment and supplier storage. **Procurement price decreased.** The Company continued to perfect integrated management on goods and materials supply. By implementing group-buying, joint purchasing and price negotiation collectively and signing purchase contract separately, the procurement cost was reduced to the maximum.

Improve quality to achieve leapfrog development and enhance overall competitive strength. The Company proactively performed social responsibility, spared no efforts to guarantee the energy security in the circumstance of COVID-19 pandemic and extreme coal weather, participated in the rescue work of the gold mine disaster in Yantai, which fully demonstrated Yanzhou Coal's social commitment. Further reduced roadway heading, workface and production system to improve efficiency and quality, and stuck to development philosophy of "ensure safety by reduce labor or unmanned production by scientific technology research". Promoted coal mine digitalization, networking and intelligentization according to overall planning, and 24 intelligent mining workfaces and 24 intelligent roadway headings were built as a result. Giving priority to the interests of investors, the Company implemented H shares repurchase and increased the proportion of dividends distribution in next five years to share the fruits of development with investors and boosted the confidence in capital market. The Company accomplished the tasks of "Double 100 Action Plan" for SOE reform, outperforming other SOEs in speed and effectiveness. The Company insisted to integrate environmental protection, social responsibility, enterprise governance into development strategy, production and operation, and enterprise management, proactively perform responsibilities to related interest parties, and continuously improved enterprise value.

In 2020, due to its outstanding operation results and standard company governance, Yanzhou Coal won Tianma Awards of Best Board of Directors of Chinese main board listing companies in term of investors relationship, Top 100 Listed Companies in Company Value, AAA Creditable Coal Enterprise. The international large-scale energy project of the Australian Base was awarded Excellence Project Award of National Quality Award. It was selected as Hang Seng Sustainable Development Index Constituent Share, ranked the first among Chinese coal companies in the emerging market rating by Dow Jones Sustainable Development Index (DJSI), the No.4 global coal and the No.53 in Fortune China 500.

Looking ahead to 2021, the global economic situation remains complicated and difficult, with uncertainties and destabilizing factors on the rise. Despite of various risks and challenges, Chinese economy will remain unchanged in the trend of accelerating recovery and long-term positive growth. Along with more stringent restriction on safety and environmental protection in the coal industry, Chinese coal industry will be more centralized due to accelerated merge and reorganization, leading to obvious large-scale production. It is expected that Chinese domestic coal market will see a stable and slightly tight balance between supply and demand, with coal price fluctuated upward as compared with 2020.

Chapter 04 Chairman's Statement

The year 2021 is not only the first year of the "Fourteenth Five-year Plan" (2021-2025), but also the crucial year for Yanzhou Coal to realize incremental rising, replacing old growth drivers with new ones, and achieving reform and restructuring. The Group will adhere to and promote quality development by inventory optimization and incremental leapfrog development. In 2021, the Group's sales volume of self-produced coal and coal chemical products is projected to be 110 million tons and 5.92 million tons, respectively.

Focusing on 2021 operation objectives, the Group will mainly take measures as followings.

Expedite release of potentials to increase production volume and economic benefit. The Company will develop industries as a whole, promote regional in-depth integration, make complementary to each other, promote industry synergetic development and improve economic benefit. **In term of coal industry**, the Company will focus on safety, efficient, green and intelligent mine construction, accelerate mine intelligentization, and strive to build a series of world leading and China first-class intelligent coal mines. It will systematically promote the upgrading and transformational development in the headquarter coal mines to increase resource utilization ratio and maintain stable production volume and profit. At the same time, it will accelerate the approval procedures and resources integration in the Shaanxi-Inner Mongolia base so as to release incremental production capacity and realize production and income increase. **In term of coal chemical industry**, the Company will make full use of the mass production advantages of industry chain of "coal to chemicals", expedite the construction of high-end chemicals and new materials processing base in Shandong province, and strengthen the raw material production base outside Shandong province. Thus to build a modern high-end coal chemical industry cluster in an efficient, synergetic and complementary way and create new profit growth point.

Further tap internal potentials to improve quality and efficiency. Strengthen management upgrading and consolidate lean management to tap potentials in quality and efficiency improvement. Reduce cost and expenditure. **Adhere to principle of "cost is the key to win",** the Company will carry out cost management in full life circle to reduce sale cost of coal and coal chemical products without increase anymore. Overall budget management and benchmarking management will be implemented at all levels to reduce budget and expenditure involving all aspects and whole process, and reduce liabilities and funds appropriation. Strictly control financing cost, expand financing channels and continuously optimize debt structure. **Pursuing profit by management.** Value profit most, capital, resources, talent and materials will be preferentially directed to key profit-generating units. All the inventory materials will be included into the online system of inventory materials to achieve integrated management. The Company will also greatly implement transparent procurement, joint procurement and optimal cost-effective procurement, so as to effectively reduce procurement cost. **Streamline to improve efficiency,** More efforts will be made to dispose of low efficient and ineffective assets, speed up the liquidation of non-main business assets, and look for opportunities to divest disadvantageous businesses, so as to better asset quality, strengthen profitability and risk resistance.

Promote intelligent marketing. Make full analysis on main products market, seek market opportunities, continuously optimize product mix to increase economic benefit and added value. **Optimize market layout.** The Company will actively expand sales channels of products, grab the subdivided and potential market, and promote the products marketing in high-price regions, and adopt quick and cost-saving transportation method. Optimize marketing network, speed up construction of storage, loading, transportation and integrated distribution system, to improve the products delivery efficiency. **Transform and upgrade products.** Adhere to the clean coal strategy, vigorously implement high-quality product upgrading to increase the added value of products. Give full play to the characteristics of the coal produced from Shaanxi and Inner Mongolia mines, precisely develop targeted markets in different fields and industries, and achieve the best economic benefits. We will take fine chemicals and new materials as the main strategic direction, extend to the downstream of amino-based and alcohol-based new materials and other high-end industrial chains, and increase the proportion of high value-added products. **Expand customization service.** Implement flexible and customized production, provide diversified energy supply solutions for clients, and realize the transformation from promoting products to leading consumption.

Focus on integrated development, synergy and efficiency. The Company will continue to operate in compliance with the laws, work hard to improve corporate governance and set up benchmarks of standard operation for the listed companies; steadily implement professional management over industrial sectors, establish a standard, compliant, modular and process-oriented management model, and comprehensively improve the quality of management; deepen the implementation of the "Double 100 Action" for SOE reform, accelerate the reform of mixed ownership systems and the "three systems", which is to stimulate the development of enterprises and increase their internal driving force. We should establish the concept of green and low-carbon development, explore new paths for clean and efficient utilization of coal, and realize the conversion of high-carbon energy to low-carbon one, smoke coal to smokeless coal, and black coal to green coal; actively explore new ways for comprehensive ecological management in coal mining subsidence areas to create a happy, livable and healthy ecological environment.

Brave the wind and tides to forge ahead, we set sail again against the wind. In 2021, Yanzhou Coal will seize the momentum and the historical opportunity of incremental growth, strive for dreams through reform and innovation and insist on pioneering and enterprising. It will strengthen its industry, improve economic benefits, make brands famous, and strive to build itself into a world-class energy enterprise and create more returns for the investors.

On behalf of the Board
Li Xiyong
Chairman

Zoucheng, PRC
26 March 2021

Chapter 05

Board of Directors' Report

I. MANAGEMENT DISCUSSION AND ANALYSIS

Main business by industries

	Unit	**2020**	2019	Increase/ Decrease	Increase/ Decrease (%)
1. Coal Business					
Salable coal production volume	kiloton	**104,041**	94,469	9,572	10.13
Salable coal sales volume	kiloton	**136,249**	116,119	20,130	17.34
2. Coal Chemicals Business					
Chemical products production volume	kiloton	**2,090**	1,762	329	18.68
Chemical products sales volume	kiloton	**2,095**	1,749	346	19.81
3. Power Generation Business					
Power generation	10,000KWh	**286,793**	265,307	21,486	8.10
Electricity sold	10,000KWh	**188,372**	161,339	27,033	16.76
4. Railway Transportation Business					
Transportation volume	kiloton	**18,295**	19,256	-961	-4.99

Note:

1. There were significant differences between production volumes and sales volumes of power generation business products in the above table, which was mainly due to the fact that related products of the Group are sold externally after satisfying its internal operating requirements.

2. During the reporting period, the Group consolidated the production volumes and sales volumes of Future Energy, Fine Chemicals, Lunan Chemical, Chemical Equipment, Supply and Marketing Company, Jining No.3 Power Plant.

In 2020, the Group sold 136.25 million tons of salable coal, including 101.07 million tons of self-produced coal.

II. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) the Operation of Business Segments

1. *Coal Business*

(1) Coal Production

In 2020, the Group produced 104.04 million tons of salable coal, representing an increase of 9.57 million tons or 10.1% as compared with that of the previous year.

The following table sets out the salable coal production volume of the Group for the year 2020:

Unit: kiloton

	2020	2019	Increase/ Decrease	Increase/ Decrease (%)
The Company	**30,659**	31,172	-514	-1.65
Heze Neng Hua	**3,282**	2,725	557	20.44
Shanxi Neng Hua	**1,612**	1,717	-105	-6.14
Future Energy	**1,532**	–	1,532	–
Ordos Neng Hua	**15,821**	13,784	2,037	14.78
Haosheng Company	**8,241**	3,907	4,334	110.95
Yancoal Australia	**37,776**	35,517	2,259	6.36
Yancoal International	**5,118**	5,647	-528	-9.36
Total	**104,041**	94,469	9,572	10.13

(2) Coal Prices and Marketing

In 2020, the Group sold a total of 136.25 million tons of coal, representing an increase of 20.13 million tons or 17.3% as compared with that of the previous year.

In 2020, the Group realized sales income of coal business of RMB65.42 billion, representing an increase of RMB1.643 billion or 2.6% as compared with that of the previous year.

The following table sets out the Group's coal production and sales by coal types for the year 2020:

	2020				2019			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Price (RMB/ton)	Sales Income (RMB' 000,000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Price (RMB/ton)	Sales Income (RMB' 000,000)
1. The Company	30,659	31,223	524.64	16,381	31,172	31,082	625.33	19,437
No. 1 clean coal	739	783	753.07	589	1,117	1,122	936.68	1,051
No. 2 clean coal	8,813	9,119	705.87	6,437	9,382	9,469	866.53	8,205
No. 3 clean coal	3,221	3,327	559.12	1,860	3,108	3,129	608.51	1,904
Lump coal	2,025	2,161	602.71	1,303	2,117	2,112	722.41	1,527
Sub-total of clean coal	14,798	15,390	662.06	10,189	15,724	15,832	801.29	12,687
Screened raw coal	15,861	15,832	391.07	6,192	15,448	15,250	442.65	6,750
2. Heze Neng Hua	3,282	3,093	869.76	2,690	2,725	2,385	1,010.20	2,409
No. 2 clean coal	2,557	2,638	953.87	2,517	2,172	2,080	1,104.33	2,297
Screened raw coal	725	455	381.91	174	553	305	367.21	112
3. Shanxi Neng Hua	1,612	1,661	282.31	469	1,717	1,681	322.56	542
Screened raw coal	1,612	1,661	282.31	469	1,717	1,681	322.56	542
4. Future Energy	1,532	1,312	428.51	562	–	–	–	–
No.3 clean coal	194	184	442.45	81	–	–	–	–
Lump coal	329	321	454.15	146	–	–	–	–
Screened raw coal	1,010	807	415.12	335	–	–	–	–
5. Ordos Neng Hua	15,821	13,131	259.78	3,411	13,784	11,546	256.11	2,957
Screened raw coal	15,821	13,131	259.78	3,411	13,784	11,546	256.11	2,957
6. Haosheng Company	8,241	8,124	298.16	2,422	3,907	3,849	300.73	1,157
Screened raw coal	8,241	8,124	298.16	2,422	3,907	3,849	300.73	1,157
7. Yancoal Australia	37,776	37,275	413.70	15,420	35,517	35,518	548.86	19,495
Semi-hard coking coal	207	205	683.65	140	184	183	847.81	155
Semi-soft coking coal	1,632	1,610	615.19	990	2,780	2,780	823.00	2,289
PCI coal	2,334	2,303	613.38	1,413	2,385	2,386	844.98	2,016
Thermal coal	33,603	33,157	388.38	12,877	30,168	30,169	498.37	15,035
8. Yancoal International	5,118	5,253	353.32	1,856	5,647	5,534	376.24	2,083
Thermal coal	5,118	5,253	353.32	1,856	5,647	5,534	376.24	2,083
9. Traded coal	–	35,177	631.32	22,208	–	24,524	640.11	15,698
10.Total for the Group	104,041	136,249	480.15	65,420	94,469	116,119	549.24	63,778

Factors affecting the changes in sales income of coal are analyzed in the following table:

	Impact of Changes on Coal Sales Volume (RMB'000,000)	**Impact of Changes on the Sales Price of Coal** (RMB'000,000)
The Company	88	-3,144
Heze Neng Hua	716	-434
Shanxi Neng Hua	-6	-67
Future Energy	562	–
Ordos Neng Hua	406	48
Haosheng Company	1,286	-21
Yancoal Australia	964	-5,038
Yancoal International	-106	-120
Traded Coal	6,819	-309

The Group's coal products are mainly sold in markets such as China, Japan, South Korea, Singapore, Australia, etc.

The following table sets out the Group's coal sales by geographical regions for the year 2020:

	2020		2019	
	Sales Volume (kiloton)	**Sales Income (RMB'000,000)**	Sales Volume (kiloton)	Sales Income (RMB'000,000)
1. China	**101,291**	**50,774**	82,969	46,117
East China	**46,957**	**28,432**	40,596	25,344
South China	**16,031**	**6,541**	20,216	9,598
North China	**22,133**	**9,448**	16,551	7,321
Northwest China	**9,941**	**3,255**	3,056	2,041
Other regions	**6,229**	**3,098**	2,550	1,813
2. Japan	**8,485**	**4,041**	9,492	6,157
3. South Korea	**4,318**	**2,045**	4,599	2,692
4. Singapore	**8,923**	**2,825**	4,607	1,840
5. Australia	**7,636**	**2,882**	7,477	2,554
6. Others	**5,596**	**2,853**	6,975	4,418
7. Total for the Group	**136,249**	**65,420**	116,119	63,778

Most of the Group's coal products were sold to industries such as power, metallurgy, chemical industries, trade business, etc.

The following table sets out the Group's coal sales by industries for the year 2020:

	2020		2019	
	Sales Volume (kiloton)	**Sales Income (RMB'000,000)**	Sales Volume (kiloton)	Sales Income (RMB'000,000)
1. Power	**50,608**	**19,810**	50,245	23,562
2. Metallurgy	**6,899**	**5,694**	7,768	6,696
3. Chemical	**13,645**	**7,702**	8,701	6,802
4. Trade business	**62,110**	**30,848**	48,882	26,407
5. Others	**2,986**	**1,365**	523	311
6. Total for the Group	**136,249**	**65,420**	116,119	63,778

(3) *The Cost of Coal Sales*

In 2020, the Group's cost of coal sales amounted to RMB48.144 billion, representing an increase of RMB8.196 billion or 20.5% as compared with that of the previous year.

The following table sets out the cost of coal sales by business entities:

		Unit	2020	2019	Increase/ Decrease	Increase/ Decrease (%)
The Company	Total cost of sales	RMB million	**9,026**	8,961	65	0.72
	Cost of sales per ton	RMB/ton	**287.15**	287.04	0.11	0.04
Heze Neng Hua	Total cost of sales	RMB million	**1,519**	1,394	124	8.91
	Cost of sales per ton	RMB/ton	**451.28**	529.94	-78.65	-14.84
Shanxi Neng Hua	Total cost of sales	RMB million	**398**	367	31	8.35
	Cost of sales per ton	RMB/ton	**239.66**	218.54	21.11	9.66
Future Energy	Total cost of sales	RMB million	**251**	–	251	–
	Cost of sales per ton	RMB/ton	**188.28**	–	–	–
Ordos Neng Hua	Total cost of sales	RMB million	**2,004**	2,228	-225	-10.08
	Cost of sales per ton	RMB/ton	**151.51**	193.00	-41.48	-21.50
Haosheng Company	Total cost of sales	RMB million	**1,527**	1,158	369	31.88
	Cost of sales per ton	RMB/ton	**187.94**	300.83	-112.89	-37.53
Yancoal Australia	Total cost of sales	RMB million	**10,845**	9,672	1,173	12.13
	Cost of sales per ton	RMB/ton	**290.96**	272.32	18.64	6.84
Yancoal International	Total cost of sales	RMB million	**1,350**	1,287	63	4.89
	Cost of sales per ton	RMB/ton	**257.03**	232.59	24.44	10.51
Traded coal	Total cost of sales	RMB million	**21,474**	15,180	6,294	41.46
	Cost of sales per ton	RMB/ton	**610.46**	618.99	-8.53	-1.38

The changes for Haosheng Company's cost of coal sales per ton was mainly due to the increase of sales volume of salable coal as compared with that of the previous year.

2. Coal Chemicals Business

The following table sets out the Group's methanol business for 2020:

	2020				2019			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB'000)	Cost of Sales (RMB'000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB'000)	Cost of Sales (RMB'000)
1. Methanol	1,823	1,864	2,432,992	2,058,252	1,762	1,749	2,863,438	2,133,424
Yulin Neng Hua	741	766	1,002,897	863,208	723	721	1,199,021	963,059
Ordos Neng Hua	1,082	1,098	1,430,095	1,195,044	1,039	1,028	1,664,417	1,187,903
2. Acetic acid	94	60	221,453	104,185	–	–	–	–
Lunan Chemicals	94	60	221,453	104,185	–	–	–	–
3. Acetic ether	34	34	216,128	172,868	–	–	–	–
Lunan Chemicals	34	34	216,128	172,868	–	–	–	–
4. Thick liquid wax	38	46	169,633	101,717	–	–	–	–
Future Energy	38	46	169,633	101,717	–	–	–	–
5. Others	102	92	392,824	248,618	–	–	–	–
6. Total for the Group	2,090	2,095	3,433,030	2,685,638	1,762	1,749	2,863,438	2,133,424

3. Power Generation Business

The following table sets out the operation of the Group's power business for the year 2020:

	Power Generation (10,000KWh)			Power Output Dispatch (10,000KWh)		
	2020	2019	Increase/ Decrease (%)	**2020**	2019	Increase/ Decrease (%)
1 Hua Ju Energy	**75,673**	82,236	-7.98	**25,056**	27,339	-8.35
2 Jining No.3 Power Plant	**14,717**	–	–	**14,717**	–	–
3 Heze Neng Hua	**155,308**	155,051	0.17	**137,145**	132,401	3.58
4 Lunan Chemicals	**1,930**	–	–	**1,097**	–	–
5 Yulin Neng Hua	**28,429**	28,020	1.46	**6,694**	1,599	318.63
6 Future Energy	**10,735**	–	–	**3,663**	–	–

	Sales Income (RMB'000)			Cost of Sales (RMB'000)		
	2020	2019	Increase/ Decrease (%)	**2020**	2019	Increase/ Decrease (%)
1 Hua Ju Energy	**104,500**	118,252	-11.63	**111,246**	111,246	0.00
2 Jining No.3 Power Plant	**37,107**	–	–	**37,276**	–	–
3 Heze Neng Hua	**477,955**	462,146	3.42	**372,098**	379,588	-1.97
4 Lunan Chemicals	**4,992**	–	–	**4,769**	–	–
5 Yulin Neng Hua	**15,258**	3,060	398.54	**5,695**	7,229	-21.21
6 Future Energy	**10,777**	–	–	**12,944**	–	–

Note: During the reporting period, the electricity sold and the income of the power generation business of Yulin Neng Hua increased significantly, which was mainly due to the increase of electricity sold extertally as compared with the previous year.

4. *Railway Transportation Business*

In 2020, the transportation volume of the Company's Railway Assets was 18.29 million tons, decreased by 0.96 million tons or 5.0% as compared with that of the previous year. The income from railway transportation services was RMB378 million, representing a decrease of RMB4.746 million or 1.2% as compared with that of the previous year. The cost of railway transportation services was RMB207 million, representing an increase of RMB29.555 million or 16.7% as compared with that of the previous year.

5. *Heat Business*

Hua Ju Energy generated heat energy of 3,340 thousand steam tons and sold 940 thousand steam tons in 2020, realizing sales income of RMB92.52 million, with cost of sales at RMB72.53 million.

6. *Electrical and Mechanical Equipment Manufacturing Business*

The sales income from electrical and mechanical equipment manufacturing business for the year 2020 was RMB149 million, with cost of sales at RMB144 million.

7. *Equity Investment Business*

The return from equity investment business for the year 2020 was RMB1,129 million.

(II) Analysis of Main Business

1. Analysis of changes in consolidated income statement items and consolidated statement of cash flow items

Unit: RMB million

Items	2020	2019	Increase/ Decrease (%)
Sales income	**69,123**	67,805	1.94
Sales cost	**51,171**	43,011	18.97
Selling, general and administrative expenses	**8,433**	8,777	-3.92
Net cash flow from operating activities	**6,959**	16,411	-57.60
Net cash flow from investment activities	**-10,268**	-11,368	–
Net cash flow from financing activities	**-2,153**	-9,929	–
Income from other business	**10,302**	3,911	163.38
Income tax and fees	**1,815**	3,160	-42.56

2. *Analysis on income and cost*

(1) *Main business analysis by industries, products or regions*

Unit: RMB'000,000

Main business by Industries

By industries	Sales Income	Cost of Sales	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in cost of sales as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year
1. Coal business	65,420	48,144	26.41	2.58	20.52	Decreased by 10.96 percentage point
Include: self-produced coal	43,212	26,670	38.28	-10.12	7.68	Decreased by 10.20 percentage point
Traded coal	22,208	21,474	3.30	41.47	41.46	Remain the same level
2. Railway transportation business	378	207	45.23	-1.24	16.66	Decreased by 8.41 percentage point
3. Coal chemicals business	3,433	2,686	21.77	19.89	24.86	Decreased by 3.11 percentage point
4. Power generation business	651	544	16.38	11.51	9.23	Increased by 1.74 percentage point
5. Heat business	93	73	21.61	181.56	254.63	Decreased by 16.15 percentage point
6. Electrical and mechanical equipment manufacturing	149	144	3.32	-9.67	-12.59	Increased by 3.23 percentage point

Main business by products

Main business by products	Sales Income	Cost of Sales	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in cost of sales as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year (%)
1. Coal	65,420	48,144	26.41	2.58	20.52	Decreased by 10.96 percentage point
Include: self-produced coal	43,212	26,670	38.28	-10.12	7.68	Decreased by 10.20 percentage point
Traded coal	22,208	21,474	3.30	41.47	41.46	Remain the same level
2. Railway transportation	378	207	45.23	-1.24	16.66	Decreased by 8.41 percentage point
3. Coal chemicals	3,433	2,686	21.77	19.89	24.86	Decreased by 3.11 percentage point
4. Power generation	651	544	16.38	11.51	9.23	Increased by 1.74 percentage point
5. Heat business	93	73	21.61	181.56	254.63	Decreased by 16.15 percentage point
6. Electrical and mechanical equipment manufacturing	149	144	3.32	-9.67	-12.59	Increased by 3.23 percentage point

Main business by regions

	Sales Income	Cost of Sales	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in cost of sales as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year (%)
Domestic	51,009	37,766	25.96	16.36	27.28	Decreased by 6.35 percentage point
Overseas	19,114	14,032	26.59	-20.25	5.19	Decreased by 17.75 percentage point

Explanation on main business by industries, products or regions

For details of the sales of the above business segments, please refer to the Note *Other Significant Matters-Segment Information* to the financial statement prepared in accordance with the CASs.

(2) Production and sales volume analysis

Main products	Production volume (kiloton)	Sales volume (kiloton)	Inventory (kiloton)	Increase/ Decrease in production volume as compared with that of the previous year (%)	Increase/ Decrease in sales volume as compared with that of the previous year (%)	Increase/Decrease in inventory as compared with the beginning of the previous year (%)
Self-produced salable coal	104,041	101,072	5,646	10.13	10.35	-17.56
Methanol	1,823	1,864	26	3.45	6.58	-66.57
Acetic acid	94	60	7	–	–	–
Acetic ether	34	34	3	–	–	–
Thick liquid wax	38	46	8	–	–	–

Explanation on production and sales volume

For details of the production and sales volume changes of main products, please refer to the section headed *The Operation of Business Segments in this chapter*.

(3) Cost analysis

Unit: RMB'000,000

By Industry

Cost components	**Current amount**	**Percentage of total cost in 2020 (%)**	The amount of the previous year	Percentage of total cost in 2019 (%)	Percentage increased or decreased in current amount as compared with the amount of the previous year (%)
I. Self-produced coal cost	**26,670**	100.00	24,820	100.00	7.45
1. Materials	**3,656**	13.71	3,914	15.77	-6.61
2. Salary and employee welfare	**6,624**	24.84	6,636	26.74	-0.18
3. Electricity	**867**	3.25	837	3.37	3.60
4. Depreciation	**3,453**	12.95	2,996	12.07	15.28
5. Subsidence expense	**1,320**	4.95	1,256	5.06	5.09
6. Maintenance fees	**1,907**	7.15	1,429	5.76	33.38
7. Amortization of mining rights	**1,804**	6.76	1,463	5.90	23.27
8. Sales taxes and sur-charges	**2,513**	9.42	2,031	8.18	23.76
9. Other expenses	**4,526**	16.97	4,258	17.16	6.29
II. Traded coal cost	**21,474**	–	15,180	–	41.46
III. Total	**48,144**	–	40,000	–	20.36

Other explanations

(i) Explanation of the reasons for the changes in the cost of sales: The changes in the cost of tradable coal increased by RMB6.294 billion as compared with that of the previous year.

(ii) Cost of coal sales account for 92.95% of the Group's total sales cost, and the cost component by industries listed in the table above only refers to the cost component of the Group's coal sales during the reporting period.

(4) Major Customers and Suppliers

The sales revenue attributable to the biggest customer is RMB1.917 billion, representing 2.7% over the annual sale revenue. The sales revenue attributable to the top five customers is RMB5.933 billion, accounting for 8.5% of total annual sales revenue; the sales revenue attributable to connected parties among the top five customers is RMB0, accounting for 0% of the total annual sales revenue.

The amount of procurement attributable to the biggest supplier is RMB1.135 billion, accounting for 9.1% of total annual purchase. The amount of procurement from the top five suppliers is RMB3.425 billion, accounting for 27.5% of total annual purchases, including the procurement amount from connected parties among the top five suppliers is RMB0, accounting for 0% of the total annual procurement.

Other explanation

(i) The biggest customer, the top five customers and the biggest suppliers are mainly the customers and suppliers relating to the self-produced products of the Group.

(ii) The above customers and suppliers are domestic and overseas companies with stable operation which have maintained cooperative relations with the Group for many years. The Group has specialized entities to conduct qualification examination, credit management and other dynamic monitoring and control on customers and suppliers to protect itself from risks.

3. Expenses and Others

Explanation of the reasons for the changes in other business income: ①During the reporting period, the Group obtained control of the Moolarben Coal Joint Venture through the acquisition of 10% of its equity interest and recognized a one-off other business income of RMB3.233 billion. ②The Company purchased 47.315% equity interest and obtained control of Future Energy, which confirmed a one-off income from other business of RMB1.664 billion; ③The Company participated into the capital increase and obtained 51% equity interest of Inner Mongolia Mining Group, which confirmed a one-off income from merger of RMB835 million.

Explanation of the reasons for changes in income tax expenses: During the reporting period, the taxable income of the Group decreased as compared with the corresponding period of the previous year, which affected the decrease in income tax as compared with the corresponding period of the previous year.

4. *Research and Development Expenditure*

(1) *Table on Research and Development Expenditure*

Unit: RMB million

Capitalized research and development expenditure for 2020	0
Total research and development expenditure	510
Percentage of total research and development expenditure to sales income (%)	0.74
Number of research and development staff	2,596
Percentage of research and development staff to the total employees (%)	4.06
Percentage of capitalized expenditure of research and development (%)	0

(2) *Explanation*

The Group, with the objective to promote industry structure optimization, gave priority to the core technology breakthrough in pillar industries, adhered to the principle "open to cooperation based on the enterprise, integrate internal and external resources, persist in upgrading and innovation in combination with industry, seek key breakthrough and achieve leapfrog development", proposed an innovation-oriented development strategy to realize the goals of production automation, high-end products, self-owned intellectual property of technology, informationized management, low-carbon development and business globalization. This serves to improve the Company's capability in technology innovation and drive the Company into an innovation-oriented enterprise.

In 2020, the Company achieved 86 scientific and technological achievements, 23 of which reached the international advanced level, the Company was granted 187 technology patents and awarded 30 provincial and ministerial science and technology awards. By the end of the reporting period, the Group had 2,596 employees engaged in research and development.

5. Cash Flow

Causes for changes in net cash flow from operating activities: During the reporting period, the Group's coal sales price fell as compared with that of the previous year, which affected the net cash from operating business decreased as compared with that of the previous year.

Causes for changes in net cash flow from investing activities: The loan receivables advanced increased as compared with the previous year.

Causes for changes in net cash flow from financing activities: The payment received from issued guarantee bills increased as compared with the previous year.

Source and usage of funding

In 2020, the Group's principal source of capital fund was operating income of cash, bonds issuance and bank loans. And the fund was mainly used for operating business expenditure, purchase of property, machinery and equipment, payment of shareholders' dividends, repayment of bank loans, payment of H share repurchase, consideration for assets and equity acquisition.

In 2020, the Group's capital expenditure for the purchase of property, machinery and equipments was RMB11.786 billion.

(III) Elaboration of Significant Profit Changes in Non-Major Business

1. During the reporting period, the Group obtained the control of the Moolarben Coal Joint Venture through the acquisition of additional 10% interest, and recognized a one-off other business income of RMB3.233 billion, which affected the equity attributable to Shareholders of the Company during the reporting period increase by RMB2.013 billion as compared with that of the previous year.

2. During the reporting period, the Group reconsolidated the financial statements of Watagan Mining Co., Ltd., as the value of Watagan's liabilities was higher than fair value of its assets, the Group incurred a one-off non-cash loss of RMB6.844 billion, which made the equity attributable to Shareholders of the Company during the reporting period decrease by RMB4.261 billion as compared with that of the previous year.

3. During the reporting period, the Group participated in the capital increase in Inner Mongolia Mining to obtain 51% of its equity interest, and a one-off income of RMB835 million.

4. During the reporting period, the Group acquired 49.315% of the equity interests in Future Energy to obtain control of Future Energy, and recognized a one-off other business income of RMB1.664 billion.

(IV) Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Closing amount of 2020	Percentage to total assets in 2020 (%)	Closing amount of 2019	Percentage to total assets in 2019 (%)	Percentage of increase/ decrease in closing amount (%)	Notes
Restricted cash	**6,416**	2.35	4,274	2.03	50.12	① The margin for bills and L/C increased by RMB453 million; ② Yankuang Finance Company's deposits increased from the beginning of the year, increasing the legal deposit margin by RMB636 million.
Intangible assets	**72,714**	26.63	51,959	24.65	39.95	The Company merged controlling subsidiaries during the reporting period, causing coal mining and exploration right increased by RMB21.492 billion
Property, machinery and equipments	**65,516**	24.00	44,995	21.35	45.61	The Company merged controlling subsidiaries during the reporting period, causing the Group's properties, machinery and equipment increase by RMB21.376 billion.
Construction in progress	**20,636**	7.56	16,288	7.73	26.69	① The acquisition of seven assets of the controlling shareholder increased the Group's construction in progress by RMB4.142 billion. ② The coal chemical project phase II are in progress, causing increase in construction in progress.

Items	Closing amount of 2020	Percentage to total assets in 2020 (%)	Closing amount of 2019	Percentage to total assets in 2019 (%)	Percentage of increase/ decrease in closing amount (%)	Notes
Prepayments and intangible assets for property, machinery and equipments	**20,666**	7.57	1,860	0.88	1,010.96	During the reporting period, the Company newly merged controlling subsidiaries, causing increase in prepayments and intangible assets for property, machinery and equipment.
Long-term receivables due over one year	**4,720**	1.73	8,762	4.16	-46.13	Yancoal Australia reconsolidated the financial statements of Watagan and terminated the recognition of the loans receivable from Watagan, reducing long-term receivables by RMB4.399 billion.
Other payables and accrued expenses	**41,800**	15.31	26,798	12.72	55.98	The acquisition of seven assets of the controlling shareholder increased the accounts payable related to the acquisition of subsidiaries and associates by RMB11.01 billion
Borrowings due within one year	**31,382**	11.49	16,207	7.69	93.63	① Bonds payable with an ending balance of RMB6.676 billion is reclassified as borrowings due within one year, increasing long-term receivables due within one year by RMB427 million; ② Short-term bank borrowings increased by RMB12.356 million

Items	Closing amount of 2020	Percentage to total assets in 2020 (%)	Closing amount of 2019	Percentage to total assets in 2019 (%)	Percentage of increase/ decrease in closing amount (%)	Notes
Deferred tax liabilities	**8,459**	3.10	3,414	1.62	147.76	During the reporting period, the Company added a new consolidated holding subsidiary, which increased deferred tax liabilities by RMB5.239 billion;
Provision for land subsidence, restoration, rehabilitation and environmental costs	**3,410**	1.25	1,992	0.95	71.21	The Group's rehabilitation and environmental restoration reserves increased by RMB1.418 billion.
Holder of perpetual capital securities	**5,218**	1.91	10,312	4.89	-49.40	Repayment of RMB5 billion of renewable corporate bonds issued in 2017

Other explanation

(1) Debt on equity ratio

As at 31 December 2020, the equity attributable to Shareholders and the total borrowings amounted to RMB57.895 billion and RMB92.263 billion respectively, representing a debt-to-equity ratio of 159.4%.

For details of the borrowings, please refer to Note "Borrowings" to the financial statements prepared under the IFRS.

(2) Contingent liabilities

For details of the contingent liabilities, please refer to Note "Contingent liabilities" of the financial statements prepared under the IFRS.

2. *Major assets restrictions as at the end of reporting period*

(Prepared under the CASs)

As at the end of 2020, the restricted assets of the Group were RMB64.417 billion, mainly including the cash with restricted use, note receivables and related assets pledged to obtain loans. For details, please refer to Note "Notes to the Consolidated Financial Statement – Ownership or Usage Rights to the Restricted Asset" to the financial statements prepared under the CASs.

3. Other explanations

Not applicable.

(V) Analysis of Industrial Business Information

Analysis of coal industrial business information

1. Analysis of Coal Business

For details of the main situation of coal business of the Group for the year 2020, please refer to the section headed The Operation of Business Segments in this chapter.

2. Coal Reserves

			China National Standard (CNS)①			JORC②	
Major coal mine	geographical location	Coal type	Resources (Mt)	Reliable Reserves (Mt)	Proved Reserves (Mt)	In-situ Resources (Mt)	Recoverable Reserves (Mt)
Coal mines belonging to the Company	Jining, Shandong Province, China	thermal coal	3,184	136	319	722	269
Coal mines belonging to Heze Neng Hua	Heze, Shandong Province, China	1/3 coking coal	392	128	55	90	25
Coal mines belonging to Shanxi Neng Hua	Heshun, Shanxi Province, China	thermal coal	107	14	36	26	12
Coal mines belonging to Future Energy	Yulin, Shannix Province, China	thermal coal	1,733	147	145	972	323
Coal mines belonging to Ordos Neng Hua③	Ordos, Inner Mongolia, China	thermal coal	2,827	386	1,197	315	198
Coal mines belonging to Haosheng Company	Ordos, Inner Mongolia, China	thermal coal	2,322	386	689	730	509
Coal mines belonging to Inner Mongolia Mining④	Dongsheng District and Jungar Banner, Inner Mongolia, China	thermal coal	4,347	–	–	/	/
Subtotal of coal reserves of coal mines in China	–	–	14,912	1,197	2,441	2,855	1,336
Coal mines belonging to Yancoal Australia	Queensland and New South Wales, Australia	PCI, thermal coal, Semi-soft coking coal, Semi-hard coking coal	/	/	/	9,548	1,680
Coal mines belonging to Yancoal International	Queensland and West Australia, Australia	PCI, thermal coal	/	/	/	1,642	150
Subtotal of coal reserves of overseas coal mines⑤	–	–	/	/	/	11,190	1,830
Total	–	–	14,912	1,197	2,441	14,045	3,166

Note:

1. Based on the standard of Solid Mineral Resources/Reserves Classification (China's National Standard GB/T 17766-2020), resource reserves refers to the quantity, grade or quality of the solid mineral resources that can be economically exploited after prospecting for mineral resources and general research are estimated according to geological information, geological knowledge and related technical requirements. Reliable reserves refers to the reserves estimated based on the amount of controlled resources after a pre-feasibility study, feasibility study or equivalent technical and economic evaluation; Or estimated reserves based on proven resources when some conversion factors are uncertain. Proven reserves refer to the reserves estimated on the basis of proven resources after a pre-feasibility study, feasibility study, or equivalent technical and economic evaluation.

2. According to the requirements of the Hong Kong Stock Exchange, the Group has carried out a unified resource reserve assessment of its coal mines in China in accordance with the international standard (JORC).

   The In-situ Resources and Recoverable Reserves of coal are estimated in accordance with 100% equity and JORC Code 2012 as at 31 December 2020, of which, In-situ Resources and Recoverable Reserves from China domestic coal mines are based upon the competent person's report prepared by John T. Boyd Company in March 2021 and overseas In-situ Resources and Recoverable Reserves are based on the report prepared by competent persons appointed by overseas subsidiaries.

3. In accordance with China National Standards GB/T 1776-2020 Solid Mineral Resources/Reserves Classification, as at 31 December 2020, the retained resource reserves, probable reserves and proved reserves of Yingpanhao Coal Mine of Ordos Neng Hua was about 2.258 billion tons, 324 million tons and 998 million tons, respectively. And the resources/reserves assessment has not been made due to the ongoing approval procedures through administrative authorities.

4. Inner Mongolia Mining holds the exploration rights of coal fields of Liusan Ge Dan and Galutu. Due to the ongoing exploration, there is no reserve data at present.

5. The Group did not make assessment on the resources/reserves of the coal mines of Yancoal Australia and Yancoal International in accordance with China National Standard of Resource Reserve.

3. Other Explanations

(1) Coal exploration, development and mining during the reporting period

In 2020, the coal exploration expenditure of the Group was RMB5.16 million, mainly including mining optimization exploration expenditure for Yancoal Australia Moolarben underground and open pit; the capital expenditure for coal exploration and mining was RMB4.557 billion, mainly including the expenditure on fixed assets of the existing mines, the development and mining expenses of the coal mines owned by Wanfu Coal Mine, Yancoal Australia and Yancoal International.

(2) Major mine construction project

As at the end of this reporting period, the progress of the Group's major mine construction projects is as follows:

No.	Project	Designed Capacity (10,000 tons/Year)	Investment Amount as at the End of the Reporting Period (RMB100 million)	Construction Progress
1	Wanfu Coal Mine	180	39.66	Production to begin in 2022
	Total	180	39.66	–

(VI) Analysis of Investment

(All financial data contained in this section are prepared under CASs)

1. Significant equity investment

1) During the reporting period the Group purchase 10% interests of Moolarben Coal Joint Ventures held by Sojitz Moolarben Resources Co., Ltd. ("Sojitz Moolarben Resources") and purchase of related assets of Yankuang Group. For details, please refer to the section headed Connected/Related Transactions in relation to Assets or Equity Acquisition and Sale Matters under Chapter 6 Significant Events of this annual report.

2) During the reporting period, the Group obtained 51% interests of Inner Mongolia Mining through participation in the capital increase project of Inner Mongolia Mining in the way of public tender in Inner Mongolia Property Rights Transaction Centre. For details, please refer to the section headed Explanation on Other Significant Events under Chapter 6 Significant Events of this annual report.

2. Major non-equity investment

Not applicable.

3. *Financial assets measured at fair value*

As at the end of the reporting period, the Group's financial assets measured at fair value and recorded in current profit and loss mainly include holding special income rights and equity investment in Middlemount Coal Mine. The initial investment costs is RMB1.989 billion and the balance as at the end of the reporting period is RMB1.587 billion. The liabilities mainly include interest rate swap agreements and non-contingent royalties, and the initial investment costs is RMB1.477 billion and the balance as at the end of the reporting period is RMB232 million.

As at the end of the reporting period, the Group's financial assets measured at fair value and recorded in other comprehensive income mainly include the equity instrument investment. The initial investment costs is RMB5.058 million, and the balance as at the end of the reporting period is RMB15.027 million.

For details of the amount of the financial assets measured at fair value and its changes, please refer to the notes headed Tradable Financial Assets, Other Equity Instrument Investment, Other Non-current Financial Assets and Other Noncurrent Liabilities to the consolidated financial statements prepared in accordance with CASs.

(VII) Disposal of Material Assets and Equity

During the reporting period, the Group sold 100% equity interests of Yancoal International Trading Co., Ltd. and Yancoal International (Singapore) Pte. Ltd. to Yankuang Electric Aluminium (Hong Kong) Co., Ltd. ("Electric Aluminum Hong Kong Company"). In addition, the Group's waiver of the prior subscription right for capital increase in Intelligent Logistics constituted a deemed disposal of Intelligent Logistics's equity to Yankuang Group. For details, please refer to the section headed *Connected/Related Transactions in relation to Assets or Equity Acquisition and Sale Matters* under *Chapter 6 Significant Events* of this annual report.

Yancoal International Trading Co., Ltd., Yancoal International (Singapore) Pte. Ltd. and Intelligent Logistics are mainly engaged in non-coal trading business. Compared with the coal business, the gross profit margin of the non-coal trading business was lower and the cash flow contribution was minor. This transaction is conducive to the Company to further focus on the main coal industry, enhance the core competitiveness, and such transactions had less impact the total profit of the Company.

(VIII) Analysis of Major Controlled Companies and Invested Companies

(All financial data in this section are prepared under CASs unless otherwise noted)

1. *Major controlled companies*

1.1 The following table sets out the major controlled companies that have significant impact on the Group's net profits attributable to the listed company.

Unit: RMB million

Name of the Company	Registered Capital	31 December 2020 Total Asset	Net Asset	Net Profit for the Year 2020
Heze Neng Hua	3,000	12,221	7,628	1,044
Future Energy	5,400	20,067	11,157	2,020
Ordos Neng Hua	10,800	35,431	9,717	848
Yancoal Australia	AUD6,027 million	55,453	26,048	-4,437

Note: For more information about the main business, main financial indicators of the Group's major controlled subsidiaries, please refer to the note "Interests in Other Entities-Interests in Subsidiaries" to the financial statement prepared under CASs.

1.2 The following are the major holding companies whose operating performance fluctuated significantly compared with the same period last year:

Yancoal Australia

In 2020, the net loss of Yancoal Australia was RMB4.437 billion, the net profit decreased by RMB7.962 billion or 225.87% from RMB3.525 billion in 2019, which is mainly due to: ① the fall of international coal price compared with same period of last year; ② Yancoal Australia reconsolidated Watagan into its consolidated statement, resulting in a one-off non-cash loss of RMB6.844 billion.

Yancoal International

The net loss of Yancoal International in 2020 was RMB165 million, while the net profit in 2019 was RMB590 million, which is mainly due to: ① the fall of international coal price compared with same period of last year; ② RMB's exchange rate against the USD rose, and the foreign exchange losses increased year on year.

For business information of Yancoal Australia and Yancoal International, please refer to the section "main business during the reporting period" in this Chapter.

2. Reconsolidation of Watagan's financial statements

As a Yancoal Australia's subsidiary, Watagon acts as a special purpose company set up for overseas financing business. In 2016, Watagan issued USD775 million of collateralized debt notes (the "Watagan Bonds"). According to the relevant arrangements of Watagan's Bonds, the bondholders obtained the control of Watagan's board of directors by appointing the majority of Watagan's directors, and obtained the main operation and strategic decision-making rights of Watagan, while Yancoal Australia terminated the consolidation of Watagan's financial statements since the completion date of the aforementioned transaction.

In January 2019, Bank of China International, a bondholder of Watagan, exercised a put option of USD200 million Watagan Bond to Yankuang Group. Yankuang Group has appointed its wholly-owned subsidiary, Yankuang Group (Hong Kong) Company Limited ("Yankuang Hong Kong Company"), as the repurchase entity to implement the repurchase and become the holder of such bonds.

On December 16, 2020, Yankuang Group, Yancoal Australia, Watagan, bondholders signed the supplement agreement for bond subscription agreement and supplementary agreement for put option agreement and other agreements, remaining two bondholders exercise put options after above agreements were signed. Yankuang Group or its designated principal repurchased the remaining USD575 million bond, and became the only bondholder of Watagan bonds after such repurchasing. The directors of Watagan appointed by the original bondholders regained from the date the bondholders exercise the put options and Yancoal Australia regained the rights to appoint one or more of the directors. In accordance with the Bond Subscription Agreement, if Yankuang Group became the sole holder of the Watagan Bonds as a result of the exercise of the put options and completion of the delivery, it would automatically forfeit the rights to appoint directors as a bondholder. Therefore, Yancoal Australia regained the control of the board of directors of Watagan, and obtained the main operation and strategic decision-making power of Watagan. Since December 16, 2020, Watagan has been included in the scope of the consolidated statements of Yancoal Australia again, and it has been included in the cross-guarantee scope by Yancoal Australia.

Due to the comprehensive impact of impairment provisions for assets, operating losses (including financial expenses) of previous years, exchange losses and other factors, the accumulative loss of Watagan during the period from March 31, 2016 to December 16, 2020 was AUD1.365 billion. The details are as follows:

Unit: AUD million

	31 March, 2016 to 31 December, 2016	Yeas ended 31 December 2017	2018	2019	1 January, 2020 to 16 December, 2020	Total
Operation losses (including financial costs)	-151	-136	-204	-241	-180	-912
Uncashed foreign exchange earnings/(losses)	-59	77	-104	-8	82	-12
Impairments	–	–	-100	-873	–	-973
Losses before taxation	-210	-59	-408	-1,122	-98	-1,897
Income tax benefits	48	1	120	337	26	532
Losses after taxation	-162	-58	-288	-785	-72	-1,365

3. *Major invested companies*

For more information about the main business and main financial indicators of the Group's major invested companies, please refer to the note headed Interests in Other Entities-Interests in Joint Venture and Associated Companies to the financial statement prepared under CASs.

4. *Operation of Yankuang Finance Company*

As at the end of the reporting period, the Company directly held 95% equity interests of Yankuang Finance Company.

(1) Governance of Yankuang Finance Company

Yankuang Finance Company has established complete corporate governance structure consisting of the meeting of shareholders, the board of directors, the supervisory committee and the senior management. The board of directors has set up five special committees, namely, Strategy Development & Planning Committee, Risk Management Committee, Auditing Compliance Committee, Investment Decision-Making Committee and Information Technology Committee. In line with their respective work scopes, the board of directors and these five committees performed their duties in a diligent and efficient manner, which ensured stable and compliant operation of the Yankuang Finance Company.

(2) Risk management and internal control

In adherence with a prudent risk appetite, Yankuang Finance Company has established a comprehensive risk management system based on corporate governance, which takes functional departments as main body and real-time evaluation, examination and audit as effective means, to implement risk management on credit, operation, liquidity, reputation, etc. in a thorough manner to continuously improve risk management capability.

The board of directors and the special committees of Yankuang Finance Company are responsible for the establishment, improvement and efficient implementation of the internal control of Yankuang Finance Company.

(3) Deposits and loans during the reporting period

Unit: RMB million

	31 December 2020	31 December 2019	Increase/ Decrease (%)
Deposit balance	**21,273**	21,510	-1.10
Loan balance	**14,026**	11,006	27.44

(4) Major operational indicators during the reporting period

Unit: RMB million

Major operational indicators	**2020**	2019	Increase/ Decrease (%)
Operating income	**595**	500	18.87
Net profit	**204**	172	18.63

	31 December 2020	31 December 2019	Increase/ Decrease (%)
Net asset	**3,354**	3,149	6.49
Total asset	**25,513**	24,694	3.32

(IX) Entities Controlled by the Company

Not applicable.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry Pattern and Development Tendency

For details of the industry competition pattern and development tendency of the Company, please refer to the section headed "Chapter 4 Chairman's Statement".

(II) Development Strategy of the Company

For details of the development strategy of the Group, please refer to the section headed Chapter 4 Chairman's Statement.

(III) Operating Plan

For details of operation plan of the Group, please refer to the section headed *Chapter 4 Chairman's Statement*.

Relevant operation plan cannot be regarded as the Company's performance commitments to investors. Investors are reminded to be risk-aware and understand the difference between operation plan and performance commitments.

(IV) Capital Expenditure Plan

The Group's capital expenditure for the year 2021 is expected to be RMB13.802 billion, which is mainly sourced from the Group's self-owned funds, bank loans, bond issuance, etc.

The capital expenditure for the year 2020 and the estimated capital expenditure for the year 2021 of the Group (grouped by entity) are set out in the following table:

Unit: RMB0,000

	2021 (Estimated)	2020	Main Items
The Company	**373,156**	232,965	Maintenance of simple reproduction, safety and technical revamp input
Ordos Neng Hua	**122,984**	238,257	Investment for olefins construction, coal chemical Phase II ethylene glycol project construction, and specialized railway construction project.
Yulin Neng Hua	**42,930**	62,278	Investment for Phase II DMMn project and investment in production safety and environmental protection.
Heze Neng Hua	**125,974**	68,006	Investment for mine construction, safety and environmental protection.
Haosheng Company	**45,522**	40,710	Investment in the construction project of coal plant and environmental protection
Donghua Heavy Industry	**4,218**	45,352	Maintenance of simple reproduction
Shanxi Neng Hua	**7,409**	2,285	Mine production safety input
Future Energy	**168,938**	134,379	Investment in the high temperature Fischer-Tropsch synthesis project, production, safety and technical revamp.
Lunan Chemicals	**183,239**	191,399	Investment in the caprolactin project construction, Maintenance of simple reproduction, safety and technical revamp input.
Yancoal Australia	**226,962**	123,323	Expenditure for maintaining simple production, safety, environmental protection and exploration
Yancoal International	**73,516**	17,201	Maintenance of simple reproduction, safety, environment protection and expenditures in Canadian potash project, investment in the construction project of Tai'an Port Road, Rail and Canal Combined Transport Logistics Industrial Park.
Inner Mongolia Mining	**2,000**	–	Geological exploration for Liusan Ge Dan Coal Mine and Galutu Coal Mine
Other subsidiaries	**3,327**	22,466	Capital expenditure of other subsidiaries
Total	**1,677,845**	1,178,621	–

The table below sets out the capital expenditure of the Group in 2020 and the capital expenditure plan for 2021 (grouped by fund application purpose):

Unit: RMB0,000

	Plan for 2021	2020
Infrastructure Project	**600,368**	600,602
Coal mine infrastructure	**224,862**	319,911
Infrastructure for chemical projects	**253,586**	258,103
Infrastructure for logistics and warehouse	**112,430**	5,822
Infrastructure for machinery and equipment fabrication	**–**	14,508
Other infrastructures	**9,490**	2,258
Maintenance of simple reproduction	**527,095**	403,148
Safety production plan expenditure	**99,371**	52,703
Technology revamp plan	**153,343**	122,168
Total	**1,380,177**	1,178,621

The Group possesses relatively sufficient cash and financing facilities, which are expected to meet its operation and development requirements.

(V) Possible Risks

Risks arising from safety management

The three business segments of the Company, namely coal mining, coal chemical and power generation, are all of high hazardous nature and of complex uncertainties, thus the risk of safety management can easily arise.

Counter measures: Improve the safety management and control system, specify tiered management and control responsibilities, and implement professional and regional synergetic management in an orderly manner; Accelerate the innovation-oriented development by integration of automation, intelligentization and informationization, upgrade the intelligent level of production system like coal mining and excavating; Implement special campaigns to address potential safety hazards; Implement strict evaluation of safety technology, including the formulation, review, supervision and acceptance of the relevant rectification plan; Strengthen safety assessment and accountability, and intensify investigation and accountability for accidents.

Risks arising from environment protection

The environmental policy becomes more and more strict, and the whole club will be more and more important to environmental protection, making the Group face more stringent environmental restrictions. In the context of green and low-carbon development, the Group's coal industry may face potential risks.

Counter measures: The Group will strictly meet the requirements of the environmental law, promote the upgrading of the facilities and improve the management of the facilities, and ensure that the pollutants will be discharged. The Group will extent the industrial chain to promote the efficient and clean utilization of coal. We will actively follow up climate change policies and actively seek opportunities for low-carbon development.

Risks arising from exchange rate

As a multinational company, the Company's business, such as overseas investment, overseas financing, international trade and etc., are subject to the fluctuation of foreign exchange rate, which will in turn bring uncertainties to the operation results and strategic development of the Company.

Counter measures: Strengthen the study and analysis on the trend of foreign exchange, and take advantage of comprehensive financial derivative instruments to reduce the risks brought by the fluctuation of foreign exchange; According to the trend of exchange rate changes, we will conclude the appropriate preservation clause in the trading contract. And we will flexibly use foreign exchange derivatives tools, sign forward foreign exchange contracts, locking exchange rate fluctuations.

Risks arising from geopolitics

The Group's business across different regions and countries will be affected by factors such as local government policy, economic and international relations. If any major adverse changes occur, the business, financial situation and performance of the group will be adversely affected.

Counter measures: Strengthen the pre-transaction management of business partners, carry out due diligence in advance, then prudently grant credit lines to them according to their nature, scale, and credit qualifications. Dynamically monitor the credit business in compliance with credit line and credit period constraint mechanism. In case of credit default, the response mechanism shall be launched in time, and legal means shall be used when necessary to safeguard the rights and interests of the Company.

(VI) Others

1. The Impact of Exchange Rate Changes

The impacts of exchange rate fluctuations on the Group were mainly reflected in:

(1) The overseas coal sales income as the overseas coal sales of the Group are denominated in U.S. dollars and Australian dollars;

(2) The exchange gains and losses of the foreign currency deposits and borrowings;

(3) The cost of imported equipment and accessories of the Group.

Affected by the fluctuations in foreign exchange rates, the Group had exchange gain of RMB203 million during the reporting period.

To manage foreign currency risks arising from the expected sales income, Yancoal Australia has entered into foreign exchange hedging contracts with a bank. For details of the foreign exchange hedging contracts, please refer to Note Derivative Financial Instrument to the financial statements prepared under IFRS.

To hedge the exchange losses of USD debts arising from the fluctuation of foreign exchange, Yancoal Australia and Yancoal International have adopted foreign exchange hedging measures to such debts on the accounting basis, which effectively mitigated the impact of exchange loss on the current profit.

Save as disclosed above, the Group did not take foreign exchange hedging measures on other foreign currencies and did not further hedge the exchange rate between RMB and foreign currencies in the reporting period.

2. Taxation

In 2020, save as some domestic subsidiaries of the Company incorporated in the PRC that are subject to an income tax rate of 15% on their taxable profits under preferential income tax policy, the Company and the other subsidiaries incorporated in the PRC are subject to an income tax rate of 25% on their taxable profits. Yancoal Australia and Yancoal International are subject to a tax rate of 30% and 16.5%, respectively, on their taxable profits.

For details of the preferential income tax policies and tax rates of the subsidiaries in China, please refer to Note "Tax Preference" to the financial statements prepared under the CASs.

3. *Employees' Pension Scheme*

For details of the employees' pension scheme of the Company, please refer to Note Retirement Benefits to the consolidated financial statements prepared in accordance with the IFRS.

4. *Housing Scheme*

According to the Provision of Labor and Services Agreement (which is referred to in the section headed *Major Connected/Related Transaction* under *Chapter 6 Significant Events)*, Yankuang Group is responsible for providing dormitories to its own employees and the employees of the Group. The Group and Yankuang Group share the sundry expenses relating to the provision of such dormitories on a pro-rata basis based on their respective numbers of employees and the amount negotiated by the parties. Such expenses amounted to RMB0 and RMB6.333 million in 2020 and 2019, respectively.

Since 2002, the Group has been paying to its employees a housing allowance for the purchase of employee residences, which is based on a fixed percentage of the employees' wages. In 2020, the employees' housing allowances paid by the Group amounted to RMB476 million in total.

For details of the housing scheme, please refer to Note Housing Scheme to the consolidated financial statements prepared in accordance with the IFRS.

5. *Donation*

The Group made donations in an aggregate amount of RMB48.763 million in 2020.

6. *Environmental policy and performance*

Please refer to the section headed *Social Responsibility* and *Environmental Information* under *Chapter 6 Significant Events*.

7. *Compliance with laws, regulations and rules*

Please refer to the section headed *Compliance with laws, regulations and rules* under *Chapter 6 Significant Events*.

8. *Significant Events after the reporting period*

Please refer to the section headed *Other Significant Events* under *Chapter 6 Significant Events*.

IV. EXPLAINATIONS AND REASONS FOR FAILURE TO MAKE DISCLOSURE PURSUANT TO THE RELEVANT RULES OR NATIONAL OR BUSINESS SECRETS

Not applicable.

Chapter 06
Significant Events

I. PROFIT DISTRIBUTION OF ORDINARY SHARES OR CAPITAL RESERVES TRANSFERRED TO SHARE CAPITAL PLAN

(I) Formulation, Implementation or Adjustment of Cash Dividend Policy

The cash dividend policy specified in the Articles is as follows: the basis of profit distribution after tax of the Company for an accounting year is the lower of the profit after tax in the financial statements prepared in accordance with the CASs, IFRS or overseas accounting standard. The dividends shall be paid in the form of cash, shares or a combination of cash and shares. In the event that conditions for distribution of cash dividend are met, cash dividend shall be distributed prior to share dividend. On the condition that the Company distributes profit after tax of that year, 10% of profit shall be withdrawn and recognized as statutory reserve. The Company may not withdraw statutory reserve when the accumulated statutory reserve reaches more than 50% of the registered capital of the Company. Final dividends shall be distributed and paid once a year with an ordinary resolution passed by the general meeting of shareholders authorizing the Board to distribute and pay such dividend. The Company may distribute interim cash dividends upon approval from the Board and the shareholders at general meeting. There should be at least a 6-month accounting period interval between the distributions of cash dividends. On the premise of securing the Company's sustainable development and provided that the Company has recorded a profit in a particular year and that its accumulated undistributed profit is positive, the Company's cash dividends shall account for approximately 35% of the Company's net profit after withdrawing the statutory reserve for that particular year, unless the Company has scheduled significant investments or significant cash requirements. In the scenario that the Company is in sound operation 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.

The 2019 annual general meeting of the Company held on 19 June 2020 approved the Company to distribute annual cash dividends for 2019 of RMB2,818.8 million (tax inclusive) to the Shareholders, i.e., RMB0.58 per share (tax inclusive). As at the date of this annual report, the 2019 cash dividends have been distributed to the Shareholders.

The 2020 second extraordinary general meeting of the Company held on 9 December 2020 approved that the Company's 2020-2024 cash dividend ratio is determined as: the total cash dividends distributed by the Company in each fiscal year shall account for approximately 50% of the Company's net profit for the year after deducting the statutory reserves, and the cash dividend per share shall not be less than RMB0.50.

The profit distribution plan of the Company, pursuant with the Articles, is formulated after debriefing and fully considering the opinions and demands of the Shareholders of the Company, especially Shareholders holding minor shares, and is executed upon approval by the independent Directors (independent non-executive Directors stipulated in the Hong Kong Listing Rules), the Board meeting and the general meeting.

(II) Cash Dividends Scheme or Plan, Capital Reserve Transferred to Share Capital Scheme or Proposal for the Past Three Years (including the reporting period)

Unit: RMB100 million

Annual Cash Dividend	Amount of Share Dividends for Every 10 Shares (shares)	Amount of Cash Dividends per Every 10 Shares (RMB) (tax inclusive)	Shares Transferred for Every 10 Shares (shares)	Amount of Cash Dividend (tax inclusive)	Net Profit Attributable to the shareholders of the Company in the Consolidated Statements during the Cash Dividend Distribution Year②	Percentage of Net Profit Attributable to the shareholders of the Company in the Consolidated Statements (%)
2020	**0**	**10.00**	**0**	**48.730①**	**63.180**	**77.13**
2019	0	5.80	0	28.490	86.679	32.87
2019 interim	0	10.00	0	49.120	53.609	91.63
2018	0	5.40	0	26.525	79.089	33.54

Note: ① The amount of cash dividends of year 2020 is estimated based on the number of ordinary shares of the Company on the disclosure date of this report.

② The "net profit attributable to ordinary shareholders of listed companies in the consolidated statement during the cash dividend distribution year of the year of 2018, 2019, and 2019 interim" is the audited net income prepared in accordance with the CASs for the current year; "The net profit attributable to ordinary shareholders of listed companies in the consolidated statement of the year 2020" is the audited net profit prepared in accordance with IFRS for the current year.

1. Dividend Distribution Plan for 2020

In return for the long-term support of the Shareholders, the Board proposed to declare a cash dividend payable of RMB0.60 per share (tax inclusive) with reference to the number of ordinary shares at the record date of dividends distribution and additionally special cash dividend of RMB0.40 per share (tax inclusive), totalling cash dividend of RMB1.00 per share (tax inclusive). This dividend distribution plan shall be submitted to the Shareholders for consideration at the 2020 annual general meeting and then distributed to all the Shareholders within two months (if approved). The cash dividend for the year 2020 is expected to be distributed before 17 August 2021.

According to the Articles, cash dividends shall be calculated and announced in RMB.

2 Reserves

For details of the changes of reserves for 2020 and distributable reserves as at 31 December 2020, please refer to Notes "Shareholders' Equity" and "Supplementary Information" to the consolidated financial statements prepared in accordance with the IFRS.

(III) The Recognition of the Repurchased Shares Offered in Cash into the Cash Dividends

Unit: RMB'000

	Amount of Cash Dividend	Ratio (%)
2020	**284,600**	**4.50**[(2)]

Note: ① During the reporting period, the Company implemented the H-share repurchase plan, repurchasing 52,016,000 H-shares in cash. The total repurchase amount paid by the Company was HKD310,188,380 (excluding commissions and other fees), which is equivalent to RMB284,600,000. The amount of share repurchase implemented in that year should be regarded as a cash dividend. Therefore, the amount of RMB284,600,000 paid for the repurchase of H shares during the reporting period is regarded as a cash dividend.

② The proportion in above table is deemed as the proportion of cash dividends over the current net income attributable to the shareholders of the Company under IFRS.

(IV) The Company Shall Disclose the Reasons, Purpose and Usage Plan for Undistributed Profits in Details in the Case of the Profitable Status and Positive Profit Distributed by the Parent Company for Ordinary Shareholders, but Without Distribution Scheme for Ordinary Share Cash Profit during the Reporting Period

Not applicable.

(V) Tax and Tax Exemption or Reduction

1. Withholding and payment of dividend income tax and tax deduction for investors of H Shares.

(1) Withholding and payment of enterprise income tax for overseas non-resident enterprise shareholders

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008 and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at a rate of 10% before distributing the 2020 final dividend to non-resident enterprise shareholders as shown on the H share register of members of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

(2) Withholding and payment of individual income tax for individual foreign shareholders

The Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the individual H Shareholders:

① For individual H Shareholders who are Hong Kong or Macao residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividends tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend.

② For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividends tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend. If the applicable tax rate of the country (region) of domicile of individual holders as appeared on the Company's register of members of H Shares are less than 10% under tax treaty, such individual holders must submit to the H Share Register a written authorization and relevant application documents. The Company will forward such application documents to the applicable tax authorities for approval. After receiving such approval, the Company will, for and on behalf of such individual holders, effect the preferential treatments in accordance with the relevant tax treaty and pursuant to the relevant regulations promulgated by the PRC tax authorities.

③ For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividends tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend.

④ For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of final dividend.

(3) Withholding and payment of individual income tax for investors of Southbound Trading

Pursuant to the relevant regulations under the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) and the "Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127) jointly issued by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, for dividends to be paid to the individual investors in the PRC from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends to be paid to securities investment funds in the PRC from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for enterprise investors in the PRC and those domestic enterprise investors shall report and pay the relevant tax themselves.

2. For the details of withholding and payment of dividend income tax and tax deduction for investors of A Shares, please see the Company's Announcement of 2020 Annual Equity Interests Distribution Implementation of Yanzhou Coal Mining Company Limited dated 3 June 2020. This announcement was posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.

II. PERFORMANCE OF THE UNDERTAKINGS

(I) Undertakings of the Actual Controller of the Company, the Shareholders, the Related Parties, the Buyer, the Company and Other Related Parties During the Reporting Period or Extended to the Reporting Period

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
Undertakings Related to IPO	Resolve horizontal competition	Yankuang Group	Avoidance of horizontal competition: Yankuang Group and the Company entered into the Restructuring Agreement when the Company was carrying out the restructure in 1997, pursuant to which, Yankuang Group undertook that it would take various effective measures to avoid horizontal competition with the Company.	Year 1997 Long-term effective	None	Yes	Under normal performance	None
Other Undertaking	Other	Yankuang Group	Yankuang Group made undertakings in relation to finance business with Yankuang Finance Company as followings. 1) In view of the independence of Yanzhou Coal in assets, business, personnel, finance and other aspects from Yankuang Group, Yankuang Group will continue to maintain the independence of Yanzhou Coal and fully respect its right of management; while Yanzhou Coal and its subsidiary Yankuang Finance Company will decide on the financial business between Yankuang Finance Company and Yankuang Group on its own accord based on the requirements of business development in compliance with relevant supervisory regulations and the rules of procedures for decision-making as stipulated in the Articles and the Articles of Yankuang Group Finance Company Limited;	27 July 2018 Long-term effective	No	Yes	Under normal performance	None

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			2) To ensure the safety of the Company's fund managed by Yankuang Finance Company, Yankuang Group and its controlled companies undertook to carry out financial business with Yankuang Finance Company in accordance with laws and regulations, and will not appropriate the Company's fund through Yankuang Finance Company in any other forms. 3) In case Yankuang Group or its controlled companies misappropriated any capital fund of Yanzhou Coal through Yankuang Finance Company and caused any loss, Yankuang Group and its controlled companies will make full amount compensation in cash. 4) Yankuang Group undertook to strictly abide by the relevant rules and regulations of CSRC, Shanghai Stock Exchange and the Articles, exercise the shareholder's rights and perform the shareholder's obligations as equally as other shareholders, and neither seek unfair interest by use of the position as the controlling shareholder, nor impair the legal interests of Yanzhou Coal and other public shareholders.					

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
	Other	Yankuang Group and Yankuang Group (Hong Kong) Limited, the person acting in concert	Undertaking made as to increasing shareholding of the H shares of the Company: Except that the approved exchangeable corporate bonds issued by Yankuang Group may affect the Yankuang Group's shareholding of the Company, undertook not to decrease shareholding of the Company on its own accord before the announcement in relation to completing the increase of shareholding or relevant statutory period.	From 30 July 2019 to 30 January 2020	Yes	Yes	Completed	None
	Other	Yankuang Group and Yankuang Group (Hong Kong) Limited, the person acting in concert	Undertaking made as to increasing shareholding of the H shares of the Company: Except that the approved exchangeable corporate bonds issued by Yankuang Group may affect the Yankuang Group's shareholding of the Company, undertook not to decrease shareholding of the Company on its own accord before the announcement in relation to completing the increase of shareholding or relevant statutory period.	From 11 June 2020 to 11 December 2020	Yes	Yes	Completed	None
	Other	Yankuang Group	On 30 September 2020, Yankuang Group and Yanzhou Coal signed the "Equity and Assets Transfer Agreement" agreeing that Yanzhou Coal will acquire relevant assets of Yankuang Group for approximately RMB18.355 billion in cash (the "Transaction"), including Future Energy 49.315% equity, 100% equity of Fine Chemicals, 100% equity of Lunan Chemical, 100% equity of Chemical Equipment, 100% equity of Supply and Marketing Company, 99% equity of Jining No. 3 Power") and related assets of the Information Center of Yankuang Group. Based on the confidence in the future development prospects of the target companies and referring to the asset appraisal report filed by the competent state-owned regulatory authority, Yankuang Group agreed to make the following commitments regarding the performance of the target equity in the next three years:	2020-2022	Yes	Yes	Under normal performance	None

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			1. Yankuang Group promised that for 2020-2022 (the "Commitment Period"), calculated in accordance with Chinese Accounting Standards, the total amount of the audited net profit ("net profit") attributable to shareholders of the parent company after deducting non-recurring gains and losses corresponding to the underlying equity will not be less than RMB4.314 billion ("Committed Net Profit"). At the same time, Yankuang Group's promised net profit is determined with reference to the asset appraisal report filed by the competent state-owned regulatory authority. Future Energy and Jining No. 3 Power's promised net profit are determined in accordance with the equity proportions participating in the transaction, namely 49.315% and 99%. 2. If after the end of the commitment period, the total amount of actual net profit corresponding to the target equity does not reach the promised net profit, Yankuang Group will compensate Yanzhou Coal in cash. The specific compensation amount is based on the gap between the committed net profit and the actual net profit corresponding to the target equity. Among them, the actual net profit corresponding to 49.315% equity of Future Energy or 99% equity of Jining No. 3 Power Plant = (Net profit of Future Energy or Jining No. 3 Power Plant attributable to shareholders of the parent company after deducting non-recurring gains and losses in each year) × Future Energy or Jining No. 3 Electricity's equity ratio in this transaction. The actual net profit for each year shall be determined based on the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses confirmed in the special audit report issued by the accounting firm engaged by Yanzhou Coal and Yankuang Group. The accounting firm shall be jointly recognized by Yankuang Group and Yanzhou Coal.					

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			3. Yankuang Group promises to perform all the compensation obligations after the issuance of the special audit report of the target companies, and within 30 days after receiving the notice from Yanzhou Coal that clarifies the specific amount to be compensated during the commitment period.					
			4. If during the commitment period due to force majeure, the normal production and operation of the target companies is materially and adversely affected or the target companies are no longer controlled by Yanzhou Coal, from the year in which the foregoing situation occurred (including the year), according to the degree of influence of the foregoing circumstances, Yankuang Group may adjust the amount of committed net profit and other content accordingly. ("Force majeure" refers to objective circumstances that cannot be foreseen, unavoidable and cannot be overcome when the Yankuang Group and Yanzhou Coal signed the "Equity and Asset Transfer Agreement", including but not limited to: (1) Natural disasters, such as earthquakes and tsunamis, Typhoons, volcanic eruptions, landslides, avalanches, mudslides, pandemics, etc.; (2) Social abnormal events, such as wars, armed conflicts, strikes, riots, uprising, etc.; (3) Changes in laws, regulations or policies, government control orders or decisions that cause the target company's normal production and operation to be materially adversely affected or the target company is no longer controlled or actually controlled by Yanzhou Coal, from the year in which the foregoing circumstances occurred (including that year). According to the degree of influence of the foregoing circumstances, Yankuang Group may adjust the amount of committed net profit and other content accordingly.					

(II) Explanation on Whether the Earning Forecasts Expected and Extended to the Current Reporting Period for the Assets or Projects of the Company can be Achieved or Not

Not applicable.

(III) Whether the Undertakings of Company Performance can be Achieved or Not and its Influence to the Goodwill Impairment Test

Not applicable.

III. FUNDS APPROPRIATIONS AND CLEARING PROGRESS

Not applicable.

IV. EXPLANATION ON "NON-STANDARD ADVICE OF AUDITOR'S REPORTS" OF CERTIFIED PUBLIC ACCOUNTANTS BY THE COMPANY

Not applicable.

V. ANALYSIS AND EXPLANATION ON ACCOUNTING POLICIES, ACCOUNTING ESTIMATE CHANGES OR CAUSES AND EFFECTS OF CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

(I) Analysis and Elaboration on Reasons and Influence of Accounting Policies and Accounting Estimate Changes

During the current year, the Group has applied the new International Financial Reporting Standards and their amendments issued by the International Accounting Standards Board. For details, please refer to the note "Application of New International Reporting Standards and Amendments" to the financial statements prepared in accordance with IFRS.

(II) Analysis and Elaboration on Reasons and Influence of Correction of Significant Accounting Errors

Not applicable.

(III) Communications with Former Auditors

Not applicable.

(IV) Other Explanation

Not applicable.

VI. APPOINTMENT AND DISMISSAL OF AUDITORS

Unit: RMB 0,000

	Current Appointment
Name of the Certified Public Accountants (Domestic)	Shine Wing Certified Public Accountants (special general partnership)
Remuneration of the Certified Public Accountants (Domestic)	790 (including internal control auditing)
Audit Service Term of the Certified Public Accountants (Domestic)	Since June 2008
Name of the Certified Public Accountants (Overseas)	SHINEWING (HK) CPA Limited
Remuneration of the Certified Public Accountants (Overseas)	200
Audit Service Term of the Certified Public Accountants (Overseas)	Since March 2017

	Name	Remuneration
Internal Control Auditors	Shine Wing Certified Public Accountants (special general partnership)	220

The explanation on the appointment and dismissal of accountants

As reviewed and approved by the 2019 annual general meeting held on 19 June 2020, the Company engaged Shine Wing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited as its domestic and overseas accountants, respectively, with an engagement term from the conclusion date of the 2019 annual general meeting to the conclusion date of the 2020 annual general meeting, which is responsible for the financial statements auditing, examination and internal control audit evaluation of the Company for the year 2020.

The Company shall pay RMB9.9 million (Due to changes in the scope of the audit of the Company in the year 2020, the audit service fee increased by RMB1.05 million) for the domestic and overseas audit services of 2020, including RMB7.9 million for domestic service to Shine Wing Certified Public Accountants (special general partnership) and RMB2 million for overseas service to SHINEWING (HK) CPA Limited. Except the accountants' on-site accommodation and meal expenses during their working in the Company, the Company borne no other related expenses such as traveling expenses. The Board was authorized to decide the payment for increased follow-up audit, internal control audit and other services due to the Company's new subsidiaries or changes of regulations.

The Board considered that except the annual financial audit service fees (including domestic and overseas audit services), other service expenses paid to the accountants by the Company would not have impact on accountant's independent opinions.

According to Chapter 588 of the Laws of Hong Kong "Financial Reporting Council Ordinance" (effective from October 1, 2019), the Company's 2020 accountant ShineWing (Hong Kong) Certified Public Accountants Co., Ltd. is a registered public interest entity auditor.

The explanation on the change of auditors during the auditing period

Not applicable.

VII. CIRCUMSTANCES ON FACING THE RISK OF SUSPENSION OF LISTING

(I) Causes for Suspension of Listing

Not applicable.

(II) Countermeasures for Suspension of Listing

Not applicable.

VIII. CIRCUMSTANCES AND REASONS ON FACING THE TERMINATION OF LISTING

Not applicable.

IX. RELATED MATTERS ON BANKRUPTCY AND REORGANIZATION

Not applicable.

X. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

(I) Litigation and Arbitration Events Disclosed in the Extraordinary Announcements and with No Subsequent Progress

Item Overview	Query index
Arbitration involving Inner Mongolia New Changjiang Mining & Investment Co., Ltd. ("New Changjiang") and Yanzhou coal In April 2018, New Changjiang submitted an arbitration application to China International Economic and Trade Arbitration Commission ("CIETAC") for the violation of the relevant equity transfer agreements by Yanzhou Coal and requested Yanzhou Coal to pay a total of approximately RMB1.435 billion, comprising the consideration for the equity transfer of RMB749 million, penalty of RMB656 million, and the legal fees, arbitration fees and preservation fees involved in this case. CIETAC held two hearings on the case in October 2018 and December 2018, respectively, and no ruling was issued. In April 2019, New Changjiang changed its arbitration request to the termination of the equity transfer agreement and obtained the permission of CIETAC. CIETAC held the third and fourth hearings on the case in August 2019 and December 2019 respectively. On 30 December 2020, CIETAC issued a ruling of suspension of the arbitration procedure. Thus, the Company is unable to accurately estimate the impact of the arbitration on the current profit and future profit.	For details, please refer to the arbitration announcement dated 9 April 2018. The above announcement was also posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.

(II) Litigation and Arbitration not disclosed in Extraordinary Announcements or with Subsequent Progress

During the reporting period:

Unit: RMB 0,000

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Weihai Commercial Bank Co., Ltd ("Weihai Commercial Bank")	Yanzhou Coal	Shandong Hengfeng Power Fuel Co., Ltd. ("Hengfeng Company") and 6 other persons with joint and several liabilities	Litigation	In October 2015, citing the financial loan contract dispute, Weihai Commercial Bank filed a case in Jining Intermediate People's Court ("Jining Intermediate Court") against 8 defendants including Hengfeng and Yanzhou Coal, requiring Hengfeng Company to repay the loan principal of RMB99.119 million and corresponding interest. Because Hengfeng Company made a pledge to the plaintiff through its account receivables of RMB103.42 million by Yanzhou Coal (suspect of counterfeit), Weihai Commercial Bank required Yanzhou Coal bear the liability of repayment within the amount of the account receivables. In October 2018, the Company received the first-instance judgement and lost the case. The Company lodged an appeal to Shandong Higher People's Court ("Shandong High Court"). In May 2019, it was the ruling of the second instance of the Shandong High Court that the case shall be reheard in Jining Intermediate Court for retrial. In January 2020, Jining Intermediate Court rejudged and rejected the lawsuit of Weihai Commercial Bank at the first instance. Then, Weihai Commercial Bank appealed to Shandong High Court. In December 2020, the Shandong Higher People's Court retrial of the second instance ruled that Yanzhou Coal shall bear 30% compensation liability for the part that Hengfeng Company cannot liquidate within the scope of the pledge of accounts receivable.	RMB99.1190 million	No	Second judgement was given	The Company has applied to the Supreme People's Court for retrial. It is not yet possible to determine the impact of the case to the Company's profit after the period.	-

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
China Construction Bank Jining Dongcheng Sub-branch ("CCB Jining Dongcheng Sub-branch")	Yanzhou Coal	Chai Tao and other 4 persons with several and joint liability	Litigation	In November 2015, CCB Jining Dongcheng Sub-branch sued 7 defendants, including Hengfeng and Yanzhou Coal, to Jining Intermediate People's Court ("Jining Intermediate Court") on the grounds of financial loan contract disputes, requesting Hengfeng to repay the loan principal of RMB59.669 million and corresponding interest. As Hengfeng pledged its account receivables by Yanzhou Coal of RMB79.1312 million (suspected for counterfeiting) to CCB Jining Dongcheng Sub-branch, CCB Jining Dongcheng Sub-branch requested Yanzhou Coal to repay as per the pledged accounts receivable of RMB79.1312 million. In April 2018, Jining Intermediate Court ruled that Yanzhou Coal should bear the priority liability of repayment in an amount within the pledged accounts receivable of RMB79.1312 million. The Company lodged an appeal to Shandong High Court. In December 2018, Shandong High Court ruled at the second instance that the case shall be reheard by Jining Intermediate Court. In May 2020, the Jining Intermediate People's Court retrialed in the first instance that Yanzhou Coal shall bear one-third of the compensation liability for the part that Hengfeng Company cannot pay off within the scope of the pledge of accounts receivable. The company appealed to Shandong Higher People's Court. The Shandong Higher People's Court has not yet made a ruling.	RMB59.669 million	No	In the retrial Procedure at the second instance	The case is currently in the progress of retrial procedure at the second instance, and it's unable for the Company to estimate the impact of the suit on its current profit and future profit.	–

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yanzhou Coal	Rizhao Shandong Energy International Logistics Co., Ltd. ("Shandong Energy International")	No	Litigation	In November 2016, citing Shandong Energy International breaching the Coal Sales Contract, the Company appealed to Rizhao Intermediate Court, requesting Shandong Energy International repay RMB80 million to the Company as goods payment and corresponding interest. In November 2018, the Company received the judgment of Rizhao Intermediate Court at the first trial that Yanzhou Coal won the suit. Shandong Energy International lodged an appeal at Shandong High Court. In June 2019, Shandong High Court ruled at the second instance of the case to be reheard by Rizhao Intermediate Court. In October 2020, the Rizhao Intermediate People's Court reevaluated Yanzhou Coal in the first instance and won the case. Shandong Energy International appealed to Shandong Higher People's Court. The Shandong Higher People's Court has not yet made a ruling.	RMB80 million	No	In the retrial procedure at the second instance	The case is currently in the progress of retrial procedure at the second instance. The Company has made impairment provision for the full amount involved in the case in the previous period, and this lawsuit will not adversely affect the Company's profit after the period.	–

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
China Construction Bank Jining Guhuailu Branch ("CCB Jining Guhuailu Branch")	Yanzhou Coal	Jining Liaoyuan Trade Co., Ltd. ("Jining Liaoyuan") and other 6 persons with joint and several liability	Litigation	In June 2017, citing the financial loan contract dispute, CCB Jining Guhuailu Branch, as the plaintiff, sued against 8 defendants including Jining Liaoyuan and Yanzhou Coal to Jining Intermediate Court, requiring Jining Liaoyuan to repay loan principal of RMB95.8596 million and corresponding interest. Since Jining Liaoyuan pledged accounts receivables of RMB90.52 million by Yanzhou Coal (suspect of counterfeit) to CCB Jining Guhuailu Branch, CCB Jining Guhuailu Branch requiring the Company to make repayment within scope of the accounts receivable. In January 2018, Jining Intermediate Court heard the case. The Company applied for judicial authentication of the seals and signatures in relevant evidences at the court. The judicial authentication verified that the signatures are real and the seals are forged. In November 2018, the Company lost the case at the first trial and the Company lodged an appeal to Shandong High Court. In August 2019, Shandong High Court ruled the case to be reheard by Jining Intermediate Court. In April 2020, Jining Intermediate People's Court ruled to dismiss the plaintiff's claim against the Company, and the Company exempted from liability. CCB Jining Guhuailu Branch appealed to Shandong Higher People's Court. In October 2020, Shandong Higher People's Court retrialed in the second instance and decided that Yanzhou Coal was liable for 50% of the compensation for the unpaid part of Jining Liaoyuan within the scope of the pledge of accounts receivable.	RMB90.52 million	No	Second judgement was given	The Company has applied to the Supreme People's Court for retrial. It is not yet possible to determine the impact of the case to the Company's profit after the period.	–

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Xiamen Xinda Co., Ltd. ("Xiamen Xinda")	Shandong Zhongyin Logistics Co., Ltd. ("Zhongyin Logistics")	Yanzhou Coal	Litigation	In March 2020, Xiamen Xinda sued Zhongyin Logistics and Yanzhou Coal to the Xiamen Intermediate People's Court ("Xiamen Intermediate Court") on the grounds of the dispute over the sale and purchase contract, requesting Zhongyin Logistics to return the principal of the purchase price and the corresponding interest RMB23,266.09 million. The Company is required to bear joint liability. At present, Xiamen Intermediate Court has not yet made a ruling.	RMB23,266.09 million	No	In the first instance	The case is currently in the procedure at the first instance. The Company has made impairment provision for the full amount involved in the case in the previous period, and this lawsuit will not adversely affect the Company's profit after the period.	–
Yanzhou Coal	Shandong Changjinhao Coal Mining Co., Ltd. ("Changjinhao")	Wang Fuen and other 2 persons with joint and several liabilities	Litigation	In December 2018, citing the coal sales contract dispute, the Company appealed to Jining Intermediate Court against Changjinhao, alleging Changjinhao pay RMB56.3893 million of goods payment and related interests, while Wang Fuen, Ji Jianyong and Wu Zhaobin shall bear joint and several liabilities. In September 2019, Jining Intermediate Court ruled at the first instance that the Company won the lawsuit. As the ruling result of the first instance did not meet the Company's requirements, the Company appealed to the Shandong High Court. In May 2020, Shandong Higher People's Court issued a second-instance judgment, dismissing Yanzhou Coal's appeal and upholding the first-instance judgment. In July 2020, Yanzhou Coal applied to Jining Intermediate Court for compulsory execution. In October 2020, Jining Intermediate People's Court ruled to terminate this execution procedure.	RMB56.3893 million	No	Concluded	The case has been closed. The Company has made full provision for impairment of the funds involved in this case in the previous period, and this litigation will not have an adverse impact on the Company's future profits.	–

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Shanghai Jiaorun International Trade Co., Ltd ("Shanghai Jiaorun")	Qingdao Zhongyan	Zhongyuan Huijin Logistics (Tianjin) Co., Ltd ("Zhongyuan Huijin") with joint and several liabilities	Litigation	In December 2018, alleging coal sales contract dispute, Shanghai Jiaorun brought a lawsuit to Qingdao Intermediate People's Court ("Qingdao Intermediate Court") against Qingdao Zhongyan, a wholly-owned subsidiary of the Company and Zhongyuan Huijin, who was requested to bear joint and several liabilities, requiring Qingdao Zhongyan and Zhongyuan Huijin refund RMB80 million of goods payment, contract breach fines and related loses accrued. In November 2019, Qingdao Intermediate Court of the first instance rejected Shanghai Jiaorun's lawsuit against Qingdao Zhongyan, and Qingdao Zhongyan bore no liability. Shanghai Jiaorun appealed to Shandong High Court. In June 2020, Shandong Higher People's Court ruled in the second instance that Qingdao Zhongyan returned the principal of Shanghai Jiaorun's payment of RMB60.130 million and the corresponding interest.	RMB80 million	No	Second judgement was given	The Company has applied to the Supreme People's Court for retrial. It is not yet possible to determine the impact of the case to the Company's profit after the period.	Second judgement was executed
Yanzhou Coal	Bill debtors including Baota Shenghua Trading Group Co., Ltd, Inner Mongolia Yanmeng Coal Transportation and Sales Co., Ltd.	Bill debtors including Baota Petrochemical Group Finance Co., Ltd ("Baota Finance Company"), Baota Petrochemical Group Co., Ltd.	Litigation	In January 2019, citing the bills dispute, the Company appealed in 89 cases against related bills debtors to Liangshan People's Court, requiring the Company exercise its rights of recourse to the bills. The Company holds 150 pieces of acceptance bills made by Baota Finance Company as the payer, with a total amount of RMB272.1 million. As Baota Finance Company cannot meet the due payment, the Company exercises the right of recourse to safeguard the legitimate rights and interests. Currently, the Company has recovered RMB3 million in two case, which was settled; the remaining 87 cases were transferred to Yinchuan Intermediate Court. At present, Yinchuan Intermediate People's Court has made first-instance judgments on the aforementioned 87 cases. Yanzhou Coal has won the case. Among them, the other party has appealed in 8 cases, and the remaining 79 cases have applied to Yinchuan Intermediate People's Court for enforcement.	RMB272.1 million	No	The relevant case has been closed or won in the first instance	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	-

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
CRRC Shijiazhuang Vehicle Co., Ltd, Shijiazhuang Gongbei Heavy Machinery Co., Ltd. and other holders	Yanzhou Coal	Beijing Baota International Economic and Technical Cooperation Co., Ltd., Baota Finance Co., Ltd. and other debtors of commercial instrument	Litigation	From December 2018, citing the bill dispute, the holders of the acceptance bill of exchange of Baota Finance Company sued Yanzhou Coal in 45 cases respectively, demanding to exercise the right of recourse for bills, involving a total amount of RMB54.45 million. Up to present, the Company has lost 29 cases and paid RMB32.15 million. 10 cases were exempted from liability due to the defect of the bill, with an amount of RMB 105 million; the remaining 6 cases are under trial and no decision has yet been made.	RMB54.45 million	No	Related cases have been held in court one after another, and judgments have been made in some cases.	The Company has paid RMB32.15 million in accordance with the court's judgment.	–
Shandong Zikuang Coal Transport and Marketing Co., Ltd. ("Zikuang Transport and Marketing Company")	Yanzhou Coal	No	Litigation	In May 2019, citing the sales contract dispute, Zikuang Transport and Marketing Company sued against Yanzhou Coal to Jining Intermediate Court, requiring Yanzhou Coal to repay RMB25.478 million of coal prepayment, RMB7.042 million of interest loss, RMB0.936 million of the loss of anticipated benefits and RMB0.5 million of realization of expense of credit, adding up to RMB33.956 million. In October 2019, Jining Intermediate Court ruled to reject the appeal of Zikuang Transport and Marketing Company, and Yanzhou Coal won the lawsuit. Zikuang Transport and Marketing appealed to Shandong High Court. In March 2020, Shandong High Court ruled the Company won the lawsuit.	RMB33.956 million	No	Settled	The case has been settled. This lawsuit will not adversely affect the Company's profit after the period.	–
Yanzhou Coal	Inner Mongolia Mining	No	Litigation	In May 2020, Yanzhou Coal sued Inner Mongolia Mining to Ordos Intermediate People's Court ("Ordos Intermediate People's Court") on the grounds of the dispute over the loan contract, requesting it to return the loan principal of RMB1.070 billion and the corresponding interest and overdue repayment Liquidated damages. In September 2020, Yanzhou Coal withdrew the aforesaid litigation request due to its capital increase in Inner Mongolia Mining.	RMB1.07 billion	No	Withdraw	The case has been withdrawn. This litigation will not adversely affect the Company's future profits.	–

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
China Huarong Asset Management Co., Ltd. Inner Mongolia Autonomous Branch ("China Huarong")	Yanzhou Coal	Ordos Jinchengtai Chemical Co., Ltd. ("Jinchengtai"), etc.	Litigation	In June 2020, China Huarong sued Jin Chengtai and others to the Hohhot Intermediate People's Court ("Hohhot Intermediate Court") in two cases on the grounds of the dispute over the sale and purchase contract, requesting Jin Chengtai to repay the arrears principal and corresponding interest and other expenses respectively RMB451 million and RMB680 million. Since Jinchengtai pledged its accounts receivable from Yanzhou Coal to China Huarong, China Huarong sued the Company as a third party to the Hohhot Intermediate Court and required the Company fulfill the corresponding payment obligations within the pledged accounts receivable. In August 2020, the Company received the changed complaint, and China Huarong listed the company as a co-defendant. The Hohhot Intermediate People's Court has not yet made a ruling.	RMB1,131 million	No	In the first instance	The case is currently in the procedure at the first instance. The Company has made impairment provision for the full amount involved in the case in the previous period, and this lawsuit will not adversely affect the Company's profit after the period.	–
Yanzhou Coal	Linyi Mengfei Trading Co., Ltd. ("Linyi Mengfei")	Huasheng Jiangquan Group Co., Ltd. ("Jiangquan Group"), Zhang Yinlong, Wang Wentao, Wang Wensheng	Litigation	In July 2020, Yanzhou Coal sued Linyi Mengfei to the Jining Intermediate People's Court on the grounds of a coal sale contract dispute, requesting it to return the principal of the purchase price of RMB140,940,800 and the corresponding interest and other expenses. Jiangquan Group, Zhang Yinlong, Wang Wentao and Wang Wensheng shall be jointly and severally liable for the above payment. At present, Jining Intermediate Court has not yet made a ruling.	RMB140.9408 million	No	In the first instance	The case is currently in the procedure at the first instance. The Company has made impairment provision for the full amount involved in the case in the previous period, and this lawsuit will not adversely affect the Company's profit after the period.	–

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yanzhou Coal	National Pipeline Network Group Northern Pipeline Co., Ltd. ("Northern Pipeline Network"), National Oil and Gas Pipeline Network Group Co., Ltd. ("National Pipeline Network")	No	Litigation	In January 2021, Yanzhou Coal sued the Northern Pipeline Network and the National Pipeline Network to Jining Intermediate People's Court on the grounds of eliminating obstructive disputes, the Company requires them to relocate the relevant oil pipelines passing through the mining area to other areas that do not prevent the Company from exercising its mining rights before 1 August 2021, otherwise they should compensate the Company for economic losses of RMB200 million. At present, Jining Intermediate Court has not yet made a ruling.	RMB200 million	No	In the first instance	The case is currently in the procedure at the first instance. The Company has made impairment provision for the full amount involved in the case in the previous period, and this lawsuit will not adversely affect the Company's profit after the period.	–

Note： The three cases such as Shanxi Neng Hua v. Shanxi Jinhui Coking Co., Ltd. arbitration, Shandong Yanzhou Coal Rizhao Port Coal Storage and Blending Co., Ltd. ("Rizhao Coal Storage and Blending") v. Wuxi Shengluda Electric Fuel Co., Ltd. Sales Contract Dispute and Rizhao Storage and Blending coal v. Rizhao Tengtu Investment Co., Ltd. for sale and purchase contract disputes, were all closed with the Company's victory, and the cases are currently being executed; The Company has made full provision for impairment of the above-mentioned cases in the previous period, and the above-mentioned lawsuits will not have an adverse effect on the Company's future profits.

(III) Other Explanation

Not applicable.

XI. PUNISHMENT AND RECTIFICATION ON THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS, ACTUAL CONTROLLERS AND THE BUYER

Not applicable.

During the reporting period, the Company and its directors, supervisors, senior management, controlling shareholder and actual controllers were not subject to investigation by competent authorities or transferred to judicial organs or being given criminal sanctions. None of compulsory measures were taken by judicial discipline inspection departments. There are no circumstances such as being inspected by CSRC, being given administrative penalties imposed by CSRC, being prohibited from entry into the securities market, being given a notice of criticism, being identified as inappropriate candidates, being given major administrative penalties by other administrative departments and being condemned by stock exchanges publicly.

XII. THE EXPLANATION ON THE CREDIT CONDITIONS OF THE COMPANY, SHAREHOLDERS, ACTUAL CONTROLLERS

Not applicable.

During the reporting period, the Company, its Controlling Shareholder and the actual controllers do not have any dishonest behaviors, such as failure to perform the effective judgement of the court and the large amount of debt due but unliquidated.

XIII. CIRCUMSTANCE AND IMPACT OF THE SHARE INCENTIVE SCHEME AND EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER INCENTIVE SCHEME TO EMPLOYEES

(I) Share Incentive Scheme Disclosed in Extraordinary Announcement with no Progress or Changes

Not applicable.

(II) Share option incentives not disclosed in Extraordinary Announcements or with Subsequent Progress

The first Share Option Scheme in 2018

Incentive method: share options

Source of underlying shares: Issuance of shares to incentive objects

The measurement method of the fair value of equity instruments, the selection criteria of parameters and the results

Calculation method	Black-Scholes Mode(B-S Mode).
Parameter	Underlying share price:RMB8.75;Valid period:4 years; Historical volatility:26.44%;Risk-free rate:2.98%.
Calculation results	The fair value of each share option is RMB1.90.

As considered and approved at the eighth meeting of the eighth session of the Board dated 13 January 2021, the Company confirms that the conditions for the first exercise period of the 2018 A-share option incentive scheme (the "Share Option Scheme") are mature, and the exercise period is from 18 February 2021 to 11 February 2022. As of the disclosure date of this report, the specific exercise of incentive objects is as follows:

No.	Name	Position	Amount of exercisable rights in the first exercise period (10,000)	Amount exercised (10,000)
1	Wu Xiangqian	Director	10.56	10.56
2	Liu Jian	Director	8.58	8.58
3	Zhao Qingchun	Director, CFO	8.58	8.58
4	He Jing	Director	8.58	8.58
5	Wang Ruolin	Director	4.95	4.95
6	Xiao Yaomeng	Deputy General Manager	4.95	4.95
7	Gong Zhijie	Deputy General Manager	8.58	8.58
8	Wang Peng	Deputy General Manager	4.95	4.95
9	Li Wei	Deputy General Manager	4.95	4.95
10	Wang Chunyao	Chief Engineer	4.95	4.95
11	Tian Zhaohua	Deputy General Manager	4.95	4.95
12	Jin Qingbin	Secretary of the Board	8.58	8.58
	Others (457)		1,335.2460	1,220.9992
	Total (469)		1,418.4060	1,304.1592

Other explanations

Abstract of the Share Option Scheme

1. *The purpose of the Share Option Scheme*

   The Share Option Scheme is to further establish and improve the long-term incentive mechanism of the Company, attract and retain talents, fully motivate the Directors, senior management, mid-level management and core employees of the Company, effectively align the interests of Shareholders, the interest of the Company and the personal interests of the management, and enable all parties to take interest in the long-term development of the Company.

2. *The scope of participants of the Share Option Scheme*

The Participants include the Directors, senior management, mid-level management and core employees of the Company, excluding external Directors (including independent Directors), Supervisors, Shareholders or actual controllers that individually or jointly hold 5% or above shares of the Company and their spouses, parents and children.

3. *The number of underlying shares to be granted under the Share Option Scheme*

The number of A share options to be granted under the Share Option Scheme is 46.68 million, representing approximately 0.95% of the total issued share capital of 4,912.016 million shares of the Company as at the date of grant. The Board then adjusted the number to 46.32 million shares, representing approximately 0.94% of the total share capital of the Company as at the date of grant.

4. *The maximum amount of share options for each Participant under the Share Option Scheme*

There is no Participant to whom the aggregate number of A Shares to be issued upon exercise of his or her Share Options may exceed 1% of the Company's total share capital as at the date of consideration and approval of the Scheme at the EGM, and shall not exceed 1% of the Company's total number of A Shares in issue on the same day.

5. *The vesting period of the share options granted under the Share Option Scheme*

The vesting period will be the period between the date of granting the share options and the exercise date of the share options. The share options will have vesting periods of 24 months, 36 months and 48 months commencing from the date of granting the share options respectively.

6. *The date of exercise under the Share Option Scheme*

The share options granted under the Share Option Scheme, can be exercised on any trading day, except during following periods, upon expiry of after 24 months from the date of grant.

(I) Within thirty (30) days before the announcement of periodic report, or from thirty (30) days before the scheduled date of announcement of periodic report to the day before actual date of periodic report in case of postponed announcement due to certain reasons;

(II) Within ten (10) days before the announcement of the Company's results forecast and performance news;

(III) A period commencing from the date of significant events occurred or proposed for review and approval, which may have severe impacts on the trading price of the shares and its derivatives of the Company, till two (2) trading days after the announcement disclosed in pursuant to relevant laws.

(IV) Any other period as stipulated by CSRC and Shanghai Stock Exchange.

The "significant events", "significant matters" or "significant events may have severe impacts on share price" are matters or other significant events shall be disclosed in accordance with Rules Governing the Listing of Stocks of the Shanghai Stock Exchange.

The exercise period of the options granted under the Share Option Scheme and its arrangement are shown in the following table.

Arrangement for the exercise	Exercise Period	Proportion of exercisable Share Options to the total number of granted Share Options
First Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the date of grant, and ending on the last trading day of the 36th month from the date of grant	33%
Second Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the date of grant, and ending on the last trading day of the 48th month from the date of grant	33%
Third Exercise Period	Commencing from the first trading day after the expiry of the 48th month period from the date of grant, and ending on the last trading day of the 60th month period from the date of grant	34%

The Participants must exercise their share options during the validity period of the share options. If preconditions for exercising are not fulfilled, the share options for the corresponding period shall not be exercised. If the preconditions for exercising are all fulfilled, the options not exercised during the corresponding period shall be cancelled by the Company.

7. *The Exercise Price of the share options granted under the Share Option Scheme*

The exercise price of each option granted under the Share Option Scheme is RMB9.64 per share. During the period commencing from the date of announcement of the Share Option Scheme to the expiry of the exercise period of the Participants, the exercise price shall be subject to adjustment in the event of capitalization of capital reserves, bonus issue, share subdivision, right issue or dividend distribution of the Company.

8. The basis of determination of exercise price of the share options granted under the Share Option Scheme

 The Exercise Price shall not be less than the nominal value of the Company's A Shares or the higher of:

 (1) the average trading price of the A Shares quoted on the trading day immediately preceding the date of announcement of the Share Option Scheme, being RMB8.92 per A Share;

 (2) the average trading price of the A Shares for the 20 trading days immediately preceding the date of announcement of the Share Option Scheme, being RMB9.58 per A Share;

 (3) the closing price of the A Shares on the trading day immediately preceding the date of announcement of the Share Option Scheme, being RMB8.75 per A Share; and

 (4) the average closing price of the A Shares for the 30 trading days immediately preceding the date of announcement of the Share Option Scheme, being RMB9.64 per A Share.

9. The validity period of the Share Option Scheme

The Share Option Scheme comes into effect since approval by the 2019 first extraordinary general meeting of Shareholders on 12 February 2019. The validity period of the share options granted under the Share Option Scheme shall not exceed 60 months commencing from the date of granting the share options.

10. Previous adjustments of the Share Option Scheme

As reviewed and approved at the eighth meeting of the eighth session of the Board held on 13 January 2021, due to resignation, appointment as supervisors, death and other reasons of Wang Xingsheng and other 30 people, 3,280,000 shares of share option by the Company that had been granted but not yet exercised were cancelled. Chen Hu and two other individuals had a personal performance appraisal result of "Up to the standard", and thus could only exercise 80% of their respective share options in the first exercise period. As a result, 19,140 share options that have been granted but could not be exercised during the first exercise period were cancelled by the Company. A total of 3,299,140 share options were cancelled. After adjustment, the number of share options granted was reduced from 46,320,000 to 43,020,860. The number of share options granted after adjustment accounted for 0.88% of the total issued share capital of the Company as at the date of this annual report. As the Company paid dividends during the waiting period, the Board adjusted the exercise price under the Share Option Scheme, and the adjusted exercise price of share option was RMB7.52 per share.

Long-term Incentive Scheme of Yancoal Australia

In order to attract and retain the talents, combined the compensation of the management with the Shareholders' interests to ensure that employees focus on creating the middle and long-term goals of Yancoal Australia, as approved at the Yancoal Australia 2018 annual general meeting, Yancoal Australia implemented a long-term incentive scheme in 2018.

For details, please refer to the resolution announcement of Yancoal Australia 2018 Annual General Meeting dated 30 May 2018, the performance announcement of the year ending 31 December 2020 on 26 February 2021 and the announcement of the rights to issuing performance shares dated 15 June 2020. The above announcements were also posted on the websites of Yancoal Australia, the Australia Stock Exchange and/or the HKEX.

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

XIV. MAJOR CONNECTED/RELATED TRANSACTIONS

(The data below in this section are calculated in accordance with the CASs)

The Group's connected/related transactions were mainly continuing connected/related transactions entered into with the Controlling Shareholder of the Company, i.e., Yankuang Group and its subsidiaries except the Group, Qingdao Century Ruifeng Group Co., Ltd ("Century Ruifeng"), Glencore Coal Pty Ltd ("Glencore") and its subsidiaries, Sojitz Corporation ("Sojitz") and its subsidiaries (Century Ruifeng, Glencore, and Sojitz are all major shareholders of the Company's subsidiaries and therefore are related/connected parties of the Company).

(I) Connected/Related Transactions Performance in relation to Daily Operation

1. Matters disclosed in extraordinary announcements but without subsequent progress or change

Overview of Matters	Query Index
Continuing connected/related transactions between Yanzhou Coal and its controlling shareholder As approved at the 2021 first extraordinary general meeting of the Company held on 5 February 2021, the signed "Material Supply Agreement", "Labor and Service Mutual Supply Agreement", "Insurance Management Agreement", "Product, Material Supply and Asset Leasing Agreement", "Bulk Commodity Purchase and Sale Agreement", "Entrusted Management Special Agreement" and "Financial Lease Agreement" between the Company and Yankuang Group were approved. The "Lease Agreement" was approved. At the same time, the Company determined the annual caps of the transaction amount defined by each agreement from 2021 to 2023.	For details, please refer to the announcement of the resolutions of the seventh meeting of the eighth session of the Board dated 9 December 2020, and the announcement of relevant continuing connected/related transactions, and the resolutions of the first extraordinary general meeting of shareholders of 2021 on 5 February 2021. Such information was published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.
Continuing connected/related transactions between Yancoal Australia and Glencore Group As approved at the 2021 first extraordinary general meeting of the Company held on 5 February 2021, the renewal of "Coal Sales Framework Agreement" and "Coal Purchase Framework Agreement" between Yancoal Australia and Glencore Group were approved. At the same time, the annual caps of transaction amount for transactions from 2021 to 2023 was approved under the "Coal Sales Framework Agreement", "Coal Purchase Framework Agreement", "HVO Sales Contract" and "HVO Service Agreement".	For details, please refer to the announcement of the resolutions of the seventh meeting of the eighth session of the Board on relevant continuing connected/related transactions dated 9 December 2020, and the resolutions of the first extraordinary general meeting of shareholders of 2021 on 5 February 2021. Such information was published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

Overview of Matters	Query Index
Continuing connected/related transactions between Yanzhou Coal and Shandong Energy Digital Technology Co., Ltd. ("Shandong Energy Digital Technology")	For details, please refer to the announcement of the resolutions of the ninth meeting of the eighth session of the Board on relevant continuing connected/related transactions dated 5 February 2021.
As reviewed and approved at the ninth meeting of the eighth session of the Board held on 5 February 2021, the "ERP and Related System Operation and Maintenance Framework Agreement" signed by Yanzhou Coal and Shandong Energy Digital Technology and the annual caps of the transaction amount for each year from 2021 to 2023 have been approved.	Such information is published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

2. Matters disclosed in extraordinary announcements but with subsequent progress or change

(1) Approval and execution of continuing connected/related transactions entered into with Yankuang Group during the reporting period

① Continuing connected/related transaction of materials and services provision and insurance fund

As approved at the 2018 first extraordinary general meeting of the Company held on 26 January 2018, five continuing connected/related transaction agreements were entered into by the Company with Yankuang Group, namely, the "Provision of Material Supply Agreement", "Mutual Provision of Labor and Services Agreement", "Provision of Insurance Fund Administrative Services Agreement", "Provision of Products, Materials and Equipment Leasing Agreement" and "Bulk Commodities Sales and Purchase Agreement", each of which defines the annual cap of transaction within a period from 2018 to 2020.

Except "Provision of Insurance Fund Administrative Services Agreement", the pricing of the transactions was mainly determined on basis of state price, market price, as well as the actual cost. The charge for transaction can be settled in one lump sum or by installments. The payment payable to the other party or receivable from the other party due in a calendar month shall be written down on the last business day of the calendar month. The continuing connected/related transactions made in a calendar month shall be settled in the following month, except for incomplete transactions or where the transaction amounts are in dispute.

The sales of goods and provision of services by the Group to its Controlling Shareholder amounted to RMB1.737 billion in 2020. The goods and services provided by the Controlling Shareholder to the Group amounted to RMB3.722 billion.

The following table sets out the continuing connected/related transactions of the supply of materials and services between the Group and the Controlling Shareholder in 2020:

	2020		2019		
	Amount (RMB'000)	**Percentage of operating revenue (%)**	Amount (RMB'000)	Percentage of operating revenue (%)	Increase/decrease of connected/related Transactions (%)
Sales of goods and provision of services by the Controlling Shareholder to the Group	**3,722,057**	**1.73**	3,861,130	1.80	-3.60

The table below shows the effect on the Group's profits from sales of coal by the Group to the Controlling Shareholder in 2020:

	Sales income (RMB'000)	**Sales cost (RMB'000)**	**Gross profit (RMB'000)**
Coal sold to the Controlling Shareholder	1,283,117	667,221	615,896

Pursuant to the Provision of Insurance Fund Administrative Services Agreement, the Controlling Shareholder shall provide free management and transferring services for the Group's basic pension insurance fund, basic medical insurance fund, supplementary medical insurance fund, unemployment insurance fund, maternity insurance fund and industrial injury fund (the "Insurance Fund"). The actual amount of the Insurance Fund paid by the Group for the year 2020 was RMB820 million.

2. Continuing connected/related transaction of entrusted management of chemical projects

As reviewed and approved at 2018 first extraordinary general meeting held on 26 January 2018, the Company entered into Entrusted Management Agreement of Chemical Projects with Yankuang Group for a period from 2018 to 2020, which defines the annual transaction cap and the price is mainly determined and based on the actual cost.

Pursuant to Chemicals Projects Entrusted Management Agreement, Yankuang Group should provide chemicals project entrusted management services and sales agency services to the Group, while the payment of chemical entrusted management fee was made after the annual assessment.

As at the end of reporting period, the Group paid RMB2,989 thousand of entrusted management fee to Yankuang Group.

3. Continuing connected/related transaction of entrusted management of the subordinates of Yankuang Group

As reviewed and approved at the twentieth meeting of the seventh session of the Board held on 5 December 2018, the Company entered into Entrusted Management Agreement with Yankuang Group and the annual caps for 2019 to 2020 with annual caps. The transaction pricing adopts cost plus reasonable profit.

Pursuant to the Entrusted Management Agreement, the Group will provide professional management over 8 subordinates of Yankuang Group. Yankuang Group will pay entrusted management fee of RMB7.3 million to Yanzhou Coal within one month since the audited annual reports of the 8 companies above were issued.

As at the end of reporting period, because some of the target companies have been shut down or acquired by Yanzhou Coal, the two parties determined the commissioned management fees in accordance with the relevant provisions of the "Entrusted Management Special Agreement."

As at the end of the reporting period, Yankuang Group has not paid the entrusted management fee to the Group.

4. Continuing connected/related transaction of financial services

As considered and approved by the Company's second extraordinary general meeting of shareholders for 2019 held on 1 November 2019, the renewal of the "Financial Service Agreement" between Yankuang Finance Company and Yankuang Group, stipulating that Yankuang Finance Company shall provide Yankuang Group with deposits, comprehensive credit facilities and other financial services, and the respective annual caps of transactions from 2020 to 2022 (if applicable). Relevant deposit interest rates, loan interest rates and service fees are determined in accordance with the relevant regulations of the People's Bank of China or the China Banking and Insurance Regulatory Commission with reference to normal commercial terms.

As at 31 December 2020, the comprehensive credit balance of Yankuang Group in Yankuang Finance Company is RMB3,628 million, and the financial service expenses incurred in 2020 are RMB1,572 thousand.

5. Continuing connected/related transactions of finance leases

As reviewed and approved at the thirtieth meeting of the seventh session of the Board on 30 December 2019, the "Financial Lease Agreement" signed between Zhongyin Financial Leasing and Yankuang Group and the annual caps of transaction amount for the year 2020. The method of determining the lease interest rate is not less than 5% based on the quoted interest rate on the loan market for the same period announced by the National Interbank Funding Center, and the highest interest rate is not more than 7.5%.

According to the "Financial Lease Agreement", Zhongyin Financial Leasing provides financial leasing services to Yankuang Group and its subsidiaries (except Yanzhou Coal and its subsidiaries), and collects a lump-sum payment as consulting fee or handling fee on or before the date when Zhongyin Financial, while the rent is charged on a quarterly basis.

In 2020, the balance of principal and interest, handling fees and other expenses of financial leasing incurred totaling RMB3.194 million.

6. Continuing connected/related transactions of property leasing

As reviewed and approved at the thirty-first meeting of the seventh session of the Board on 7 February 2020, the "Shanghai Dongjiang Pearl Plaza Lease Agreement" ("Leasing Agreement") signed between Shanghai Dongjiang Real Estate Development Co., Ltd. ("Dongjiang Company"), a wholly-owned subsidiary of the Company and Shanghai Yankuang Xinda Hotel Co., Ltd. ("Shanghai Xinda"), a subsidiary of Yankuang Group was approved. The rent standard is determined on the basis of the market price of similar leased premises in Shanghai.

According to the Lease Agreement, Dongjiang Company leased the property at No.303 Mingzhu Road, Xujing Town, Qingpu District, Shanghai to Shanghai Xinda. The rent is prepaid twice a year. In each lease year, the first half of the rent for the year is paid in January, and the other half of the year is paid in July.

Since the Lease Agreement stipulates that Shanghai Xinda has a 10-month renovation period, and the renovation period (from 1 March 2020 to 31 December 2020) was free of rent, Shanghai Xinda does not need to pay any rent to Dongjiang Company in 2020.

The following table sets out the details of the annual transaction caps and actual transaction amounts for 2020 for the above continuing connected/related transactions.

No.	Type of connected/related transaction		Agreement	Annual Transaction Cap for the Year 2020 (RMB'000)	Annual Transaction Amount for the Year 2020 (RMB'000)
1	Material and facilities provided by Yankuang Group		Provision of Materials Supply Agreement	300,000	260,183
2	Labor and services provided by Yankuang Group		Mutual Provision of Labor and Services Agreement	2,768,270	1,683,755
	Labor and services provided to Yankuang Group			179,100	32,794
3	Insurance fund management and payment services provided by Yankuang Group (free of charge) for the Group's staff		Provision of Insurance Fund Administrative Services Agreement	1,669,080	819,702
4	Sale of products, material and equipment lease provided to Yankuang Group		Provision of Products, Material and Equipment Leasing Agreement	4,876,700	1,651,544
5	Procurement of bulk commodities from Yankuang Group		Bulk Commodities Sales and Purchase Agreement	5,140,000	955,429
	Sale of bulk commodities to Yankuang Group			4,281,000	52,436
6	Financial services to Yankuang Group	Comprehensive Credit	Financial Services Agreement	9,400,000	3,628,355
		Financial service fee		4,000	1,527
7	Commissioned management service of chemical projects by Yankuang Group		Chemical Projects Entrusted Management Agreement	5,500	2,989
	Marketing and sales agent service by Yankuang Group			34,500	0
8	Provision of entrusted management services to the controlling shareholder		Entrusted Management Special Agreement	7,300	0
9	Provide financial leasing services to controlling shareholders	Total financing	Financial Lease Agreement	814,000	1,132
		Interest and expenses		64,000	2,062
10	Provide house leasing services to controlling shareholders		Lease Agreement	0	0

(2) *Approval and execution of continuing connected/related transactions with Century Ruifeng during the reporting period*

At the 2018 first extraordinary general meeting of the Company held on 26 January 2018, "Bulk Commodities Mutual Supply Agreement" between the Company and Century Ruifeng (Century Ruifeng is a substantial shareholder of the Company's subsidiary and connected person of the Company), together with the annual caps for such transactions for a period from 2018 to 2020 were approved. The way to determine transaction price is the market price. The charge for transaction can be settled in one lump sum or by installments. The continuing connected/related transaction payable to another party or that of receivable from another party due in the current month shall be recognized on the last business day of each corresponding calendar month. The continuing connected/related transactions made in each calendar month shall be settled in the following month, except for incomplete transactions or where the transaction amounts are in dispute.

The 2020 annual cap for sales of commodities by the Group to Century Ruifeng was RMB2.195 billion and that by Century Ruifeng to the Group was RMB1.1 billion.

In 2020, the Group did not sell any commodity to Century Ruifeng. The aggregate amount of commodity sold by Century Ruifeng to the Group was RMB290 million in 2020.

(3) *Approval and execution of continuing connected/related transactions with Glencore during the reporting period*

① Continuing connected/related transaction of coal sales

At the fifteenth meeting of the seventh session of the Board of the Company held on 29 June 2018, Glencore Coal Sales Framework Agreement ("this Agreement") between Yancoal Australia and Glencore (Glencore is a substantial shareholder of the Company's certain subsidiaries and a connected person of the Company), together with the annual caps for such transaction for a period from 2018 to 2020 were approved. The way to determine transaction price is based on the market price, together with adjustment according to related industry benchmarks and indexes. The payment time for transaction shall be determined by both parties in accordance with international practices and applicable laws and regulations in this agreement and be specified in details in the specific coal sales agreement.

The 2020 annual cap for coal sales of the Group to Glencore and its subsidiaries was USD350 million. In 2020, the Group has sold coal to Glencore and its subsidiaries amounting approximately USD142 million.

② Continuing connected/related transaction of coal purchase

At the 2018 second extraordinary general meeting of the Company held on 24 August 2018, HVO Sales Contract between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction from 2018 to 2020 had been approved. It is stipulated in HVO Sales Contract: HVO Coal Sales Pty Ltd, a subsidiary of Yancoal Australia, shall pay the corresponding transaction amount to Yancoal Australia and Glencore respectively according to the total amount and corresponding product quota collected in each sales agreement with the client and HVO Coal Sales Pty Ltd shall pay the transaction amount to Yancoal Australia and Glencore no later than 3 business days after receiving payment from clients.

The 2020 annual transaction amount for coal purchase (on equity basis) of the Group from Glencore under HVO Sales Contract was USD750 million. In 2020, the connected transaction amount between the Group and Glencore was approximately USD405 million.

At the 2018 second extraordinary general meeting of the Company held on 24 August 2018, Glencore Coal Purchase Agreement between Yancoal Australia and Glencore, together with the annual caps for such transaction for the years of 2018 to 2020 were approved. The final transaction price adopted under the Coal Purchase Framework Agreement for the purchase of coal will be finally determined on the basis of fair negotiation, in accordance with normal commercial terms and with reference to the market price of relevant type of coal at the time. The payment time for transaction shall be determined by both parties in accordance with international practices and applicable laws and regulations in this agreement and be specified in details in the specific coal sales agreement.

The 2020 annual cap for coal purchase of the Group from Glencore and its subsidiaries under the Glencore Coal Purchase Agreement was USD350 million. In 2020, the connected transaction amount between the Group and Glencore was approximately USD63 million.

③ Continuing connected/related transaction of coal sales service

At the 2018 second extraordinary general meeting of the Company held on 24 August 2018, HVO Services Agreement between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction for the years of 2018 to 2020 were approved. According to this agreement, HV Operations Pty Ltd. (the "HV Operations"), a controlled subsidiary of Yancoal Australia, shall pay the follows to Glencore: (1) all costs, charges and expenses incurred in providing services to HVO Joint Venture or HVO Coal Sales Pty Ltd; (2) all off-site costs, charges and expenses ("general expenses") incurred by Glencore in providing services. The determination of general expenses is based on the principle of fairness and reasonableness and with reference to all costs, charges and expenses incurred by Glencore in providing similar services without particular sites. Both parties agreed that Glencore provide monthly invoice to HV Operations and HV Operations shall finish the payment within 5 business days after receiving such invoice.

The 2020 maximum annual transaction amount for service purchase of the Group from Glencore was USD18 million. In 2020, this connected/related transaction involved approximately USD12.41 million.

④ Continuing connected/related transactions in relation to diesel fuel supply

At the twenty-eighth meeting of the seventh session of the Board held on 25 October 2019, the Diesel Fuel Supply Agreement between HV Operations and Glencore Australia Oil Pty Ltd (the "GAO"), a subsidiary of Glencore plc, as well as the annual caps for such transaction for the years from 2019 to 2021 were approved. The Diesel Fuel Supply Agreement stipulates that: (i) HV Operations shall generate a purchase order before the delivery month; (ii)GAO shall deliver the amount of fuel before the date specified in the purchase order, and HV Operations shall pay after the fuel is delivered; and (iii) the payment is calculated based on the amount delivered and the price determined after the bidding process.

The 2020 annual cap for diesel fuel purchase of HV Operations from GAO was AUD180 million. In 2020, the connected transaction amount was approximately AUD100 million.

(4) *Approval and execution of continuing connected/related transactions with Sojitz for the reporting period*

At the 2018 second extraordinary general meeting of the Company held on 24 August 2018, it was reviewed and approved: i: Yancoal Australia – Sojitz Coal Sales Agreement between Yancoal Australia and Sojitz (Sojitz is a substantial shareholder of the Company's subsidiary and a connected person of the Company), together with the annual caps for such transaction for the years of 2018 to 2020. ii: Syntech – Sojitz Coal Sales Agreement between Syntech Holding Pty Ltd ("Syntech"), a wholly-owned subsidiary of the Company, and Sojitz, together with the annual caps for such transaction for the years of 2018 to 2020. The final transaction prices for the above two agreements will be finally determined on the basis of fair negotiation, in accordance with normal commercial terms and with reference to the market price of relevant type of coal at the time. The payment time for transaction shall be determined by both parties in accordance with international practices and applicable laws and regulations in this agreement and be specified in details in the specific coal sales agreement.

The annual cap for the above-mentioned two transactions was USD100 million and USD150 million, respectively, totaling USD250 million. In 2020, the Group has sold coal to Sojitz and its subsidiaries amounting approximately USD40 million.

(5) *Opinion of the Independent Non-executive Directors*

The above non-exempt continuing connected/related transactions and relevant internal control procedure have been reviewed by Finance Management Department and Auditing and Risk Management Department of the Company and the review result has been submitted to independent non-executive Directors of the Company. The Company also provided information to the independent non-executive Directors for examination.

The Company's independent non-executive Directors have reviewed the Group's continuing connected/related transactions with the Controlling Shareholder for the year 2020 and confirm that: i, all such connected transactions have been: (i) entered into by the Group in its ordinary and usual course of business; (ii) conducted either on normal commercial terms, or where there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from independent third parties; and (iii) entered into in accordance with the relevant governing agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole; ii, the amount of the related transactions stated under the section headed "Connected/Related Transactions Performance in relation to Daily Operation" above did not exceed the annual transaction caps approved by independent Shareholders and the Board.

(6) Opinion of the Auditors

Pursuant to the Hong Kong Listing Rules, the Directors have engaged the auditors of the Company to perform certain procedures required by the Hong Kong Listing Rules in respect of the continuing connected transactions of the Group.

The auditors have reported to the Directors that the above continuing connected transactions: i, have received approvals of the Board; ii, are in accordance with the pricing policies of the Company; iii, have been carried out in accordance with the relevant provisions of the agreements governing the transactions; and iv, have not exceeded the relevant annual caps.

3. *Undisclosed events in extraordinary announcements*

Not applicable.

(II) Connected/Related Transactions in relation to Assets or Equity Acquisition and Sale

1. *Matters disclosed in extraordinary announcements and with no subsequent progress or change*

Not applicable

2. *Matters disclosed in extraordinary announcements but with subsequent progress or change*

(1) Connected/related Transaction in Relation to Acquiring 10% Interests of Moolarben Coal Joint Venture

As considered and reviewed at the thirty-second meeting of the seventh session of the Board dated 27 March 2020, a share sale agreement was entered into between Yancoal Australia and its wholly-owned subsidiary, i.e., Yancoal Australia Moolarben Private Limited ("Moolarben Company") with Sojitz Moolarben Resources Pty Ltd ("Sojitz Moolarben Resources"), a wholly-owned subsidiary of Sojitz Corporation. Yancoal Australia purchased the 10% equity interests of Moolarben Coal Joint Venture held by Sojitz Moolarben Resources at a transaction price of AUD300 million by Yancoal Australia.

Up to the date of this report, Moolarben Company and Sojitz Moolarben Resources have completed the 10% interest transfer in relation to Moolarben Coal Joint Venture.

For details, please refer to the announcement in relation to resolutions passed at the thirty-second meeting of the seventh session of the Board dated 27 March 2020 and the announcement in relation to the connected/related share transaction dated 31 March 2020, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal and Shanghai Securities News and Securities Times.

(2) Connected/related Transaction in Relation to the Sale of 100% equity in non-coal trading companies

As considered and reviewed at the thirty-second meeting of the seventh session of the Board dated 27 March 2020, the "Equity Purchase Agreement" signed by Yancoal International and Electric Aluminum Hong Kong Company, Yankuang Group's wholly-owned subsidiary was approved. Yancoal International sold its 100% equity of Yancoal International Trading Co., Ltd. and Yancoal International (Singapore) Co., Ltd. to Electric Aluminum Hong Kong Company at the price of RMB150.6712 million.

As of the date of this report, Yancoal International and Electric Aluminum Hong Kong have completed the delivery of 100% equity of Yancoal International Trading Co., Ltd. and Yancoal International (Singapore) Co., Ltd.

For details, please refer to the announcement in relation to resolutions passed at the thirty-second meeting of the seventh session of the Board dated 27 March 2020 and the announcement in relation to the connected/related share transaction, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal and Shanghai Securities News and Securities Times.

(3) Connected/related Transaction in Relation to purchasing relevant assets of Yankuang Group

At the 2020 second extraordinary general meeting of the Company held on 9 December 2020, it was reviewed and approved that Yanzhou Coal and Yankuang Group signed the "Equity and Asset Transfer Agreement", agreeing that the Company will acquire 49.315% equity of Future Energy, 100% equity of Fine Chemicals, 100% equity of Lunan Chemical, 100% equity of Chemical Equipment, 100% Equity of Supply and Marketing Company, 99% equity of Jining No. 3 Power Plant and related assets of IT center held by Yankuang Group, at a total price of RMB18,355,429,830.87.

As of the date of this report, the Company and Yankuang Group have completed the relevant delivery procedures.

For details, please refer to the announcement in relation to resolutions passed at the fifth meeting of the eighth session of the Board dated 30 September 2020 and the announcement in relation to the connected/related transactions of purchasing the assets of Yankuang Group, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal and Shanghai Securities News and Securities Times.

(4) Connected/related Transaction in Relation to Smart Logistics' increasing the registered capital and waiving the priority of subscription

At the 2020 second extraordinary general meeting of the Company held on 9 December 2020, it was reviewed and approved that Yanzhou Coal and Yankuang Group, Hainan Taizhong Products Group Co., Ltd. ("Taizhong Products"), China Huaneng Group Fuel Co., Ltd. ("Huaneng Fuel"), Smart Logistics signed the "Capital Increase and Share Expansion Agreement of Yankuang (Hainan) Smart Logistics Technology Co., Ltd." It is agreed that Smart Logistics will increase the registered capital of RMB400 million at the capital increase price determined by the appraised value of all shareholders' equity (ie RMB1.4084 per share) ("the Capital Increase"), of which the Company and Huaneng Fuel waived the priority right to subscribe for Capital Increase; The new shareholder Yankuang Group invested RMB315,481,600 (of which RMB224 million was used as the increased registered capital of Smart Logistics); the original shareholder Taizhong Materials contributed RMB247,878,400 (of which RMB176 million was used as the increased registered capital of Smart Logistics).

The Capital Increase is deemed as Yanzhou Coal's disposal of equity in Smart Logistics to Yankuang Group. After the Capital Increase is completed, Smart Logistics will become a holding subsidiary of Yankuang Group.

As of the date of this report, the Company and Yankuang Group have completed the equity delivery and business registration change procedures of Smart Logistics.

For details, please refer to the announcement in relation to resolutions passed at the sixth meeting of the eighth session of the Board dated 23 October 2020 and the announcement in relation to the connected/related transactions of the capital increase of Smart Logistics and waiving the priority of subscription by the Company and resolutions passed by the Second Extraordinary General Meeting of the year 2020 dated 9 December 2020, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal and Shanghai Securities News and Securities Times.

3. Matters not disclosed in extraordinary announcement

Not applicable.

4. Disclosure of the performance of the results relating to results agreement during the reporting period

Not applicable.

(III) Significant Connected/related Transactions of Cooperative External Investment

1. Events disclosed in extraordinary announcements and with no subsequent progress or change

Not applicable.

2. *Events disclosed in extraordinary announcements with subsequent progress or changes during implementation*

Not applicable.

3. *Events not disclosed in extraordinary announcements*

Not applicable.

(IV) Credit and Debt Obligation among Connected parties

1. *Events disclosed in extraordinary announcements and with no subsequent progress or change*

Not applicable.

2. *Events disclosed in extraordinary announcements with subsequent progress or changes during implementation*

Not applicable.

3. *Events not disclosed in extraordinary announcements*

Unit: RMB100 million

		Fund provided to connected parties			Fund provided to the Company		
Connected parties	Relationship	Balance at the beginning	Amount occurred	Closing balance	Balance at the beginning	Amount occurred	Closing balance
Yankuang Group	Controlling Shareholder	100.30	63.48	36.62	128.73	189.88	318.61
Century Ruifeng	Other related party	0	2.81	0	0.83	0.53	0.05
Glencore and its subsidiaries	Other related party	0	9.58	0	0	37.33	0
Sojitz and its subsidiaries	Other related party	0	2.67	0	0	0	0
Total		100.30	76.16	36.62	129.27	227.74	318.37

Reasons for credit and debt obligation among connected parties	Mutual sale of goods and provision of services
Impact on the operating result and financial conditions of the Company by credit and debt obligation	No significant impact

(V) Others

Pursuant to the Hong Kong Listing Rules, the Group's connected/related transactions set out in Note "Related Party Balances" to the consolidated financial statements prepared in accordance with the IFRS constitute continuing connected/related transactions in Chapter 14A of the Hong Kong Listing Rules, and the Company confirmed that such transactions have complied with the relevant disclosure requirements under the Hong Kong Listing Rules.

Other than the connected/related transactions disclosed in this section, the Group was not a party to any connected transaction which is required to be disclosed in pursuance to the Hong Kong Listing Rules during the reporting period.

XV. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contract or Lease

1. Trust

Not applicable.

2. Contract

Not applicable.

3. Lease

Not applicable.

(II) Guarantees

Unit: RMB100 million

External guarantee of the Company (excluding guarantees to the subsidiaries)	
Total amount of guarantee during the reporting period (excluding guarantees to the subsidiaries)	0
Total guarantee balance by the end of the reporting period (A) excluding guarantees to the subsidiaries	6.4
Guarantees to subsidiaries by the Company and its subsidiaries	
Total amount of guarantee to subsidiaries during the reporting period	293.24
Total balance of guarantee to subsidiaries by the end of the reporting period (B)	297.87
Total guarantees (including guarantees to subsidiaries)	
Total amount of guarantees (A+B)	304.27
Percentage of total amount of guarantee in the net assets of the Company (%)	56.22
Of which:	
Amount of guarantees to Shareholders, actual controllers and related parties (C)	0
Amount of guarantees directly or indirectly to guaranteed parties with a debt-to-assets ratio exceeding 70% (D)	130.05
Total amount of guarantee exceeding 50% of net assets (E)	33.68
Total amount of the above 3 categories guarantees (C+D+E)	163.73
Explanation on unexpired guarantee that may be subject to joint and several liability	No

Guarantee explanations	1.	The external guarantee occurred during the previous period and extended to the reporting period. As approved at the 2012 second extraordinary general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD1.0 billion corporate bonds in the overseas market. As at 31 December 2020, the balance of the above guarantee was USD104 million. As approved at the 2016 annual general meeting, the Company provided guarantee of RMB30 million to Zhongyin Financial Leasing. As at 31 December 2020, the balance of the above guarantee was RMB30 million. As reviewed and approved at the 2017 annual general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD335 million corporate bonds. As at 31 December 2020, the balance of the above guarantee was USD335 million. As reviewed and approved at the 2017 annual general meeting, the Company provided guarantee of RMB50 million to Duanxin Commercial Factoring (Shenzhen) Co., Ltd. As at 31 December 2020, the balance of the above guarantee was RMB50 million. As reviewed and approved at the 2017 annual general meeting, the Company provided guarantee of RMB30 million to Duanxin Supply Chain (Shenzhen) Co., Ltd. As at 31 December 2020, the balance of the above guarantee was RMB30 million. As reviewed and approved at the 2018 annual general meeting, the Company provided guarantee of RMB1.0 billion to Qingdao Zhongyan. As at 31 December 2020, the balance of the above guarantee was RMB1.0 billion. As at 31 December 2020, Yancoal Australia and its subsidiaries issued joint performance deposits and performance guarantees in a total of AUD809 million due to operational necessity.

2. Guarantees arising during the reporting period

As reviewed and approved at the 2018 annual general meeting of the Company, the Company provided guarantees to Qingdao Vast Lucky, Zhongyin Financial Leasing, Qingdao Zhongyan, Shandong Zhongyin International Trade Co., Ltd, Yancoal International of RMB940 million, RMB583 million, RMB900 million, RMB200 million and USD290 million respectively during the reporting period.

As reviewed and approved at the 2019 annual general meeting of the Company, the Company provided guarantees to Qingdao Vast Lucky, Qingdao Zhongyan, Yancoal Australia and Yancoal International Resources of RMB1.80 billion, RMB755 million, USD1.275 billion and USD500 million.

As approved at the 2019 annual general meeting of the Company, Yancoal Australia and its subsidiaries provided a guarantee in an amount not exceeding AUD1.2 billion per year to its subsidiaries for their daily operation. During the reporting period, Yancoal Australia and its subsidiaries produced performance deposits and performance guarantees totaled AUD734 million due to operational necessity

As considered and approved at the third meeting of the eighth session of the Board, the Company participated in the capital increase project and acquired 51% equity interest of Inner Mongolia Mining Group through public delisting in Inner Mongolia Property Rights Exchange Center. Before the completion of the transaction, Inner Mongolia Mining Group provided RMB 400 million of guarantee to Inner Mongolia Geology Survey Co., Ltd. and provided RMB240 million of gurantee to Inner Mongolia Geology Mineral (Group) Co., Ltd. As at the disclosure date of the report, the above-mentioned guarantees have not been released.

As reviewed and approved at the 2021 first extraorindary general meeting of shareholders, Inner Mongolia Mining Group provided RMB578 million of guarantee to Ulanqab City Hongda Industry Co., Ltd ("Hongda Industry"), and RMB483 million of guarantee to Ordos Fengweiguang Power Co., Ltd ("Fengweiguang Power"), RMB53 million of guarantee to Inner Mongolia Jinkong Financial Leasing Co., Ltd, and RMB809 million of guarantee to Inner Mongolia Jinlian Aluminum Co., Ltd. Fengweiguang Power provided RMB550 million of guarantee to Inner Mongolia Mining Group, and Hongda Industry provided RMB326 million to Inner Mongolia Mining Group. Future Energy provided RMB292 million of guarantee to Shaanxi Jingshen Railway Co., Ltd and RMB12 million of guarantee to Shaanxi Future Cleaning Chemicals Co., Ltd.

Note: The table above was prepared in accordance with the CASs and calculated at USD/RMB exchange rate of 6.5249 and AUD/RMB exchange rate of 5.0163.

Save as disclosed above, there were no other guarantee contracts or outstanding guarantee contracts of the Company during the reporting period; there were no other external guarantees during the reporting period.

(III) Entrusted Cash and Assets Management

1. *Entrusted wealth management*

(1) *General information on entrusted wealth management*

Not applicable.

Other information

Not applicable.

(2) *Specific entrusted wealth management*

Not applicable.

Other information

Not applicable.

(3) *Provisions for impairment of loss for entrusted wealth management*

Not applicable.

2. *Entrusted Loan*

(1) *General information on entrusted loan*

Not applicable.

Other information

Not applicable.

(2) *Specific entrusted loan*

Not applicable.

Other information

Not applicable.

(3) *Provision for impairment of the entrusted loan*

Not applicable.

3. Other information

Not applicable.

(IV) Other Major Contract

Not applicable.

(V) Repurchase, Sale or Redemption of Securities

During the reporting period, the Company repurchased its H shares. For detailed information, please refer to the section headed Changes in Ordinary Shares in Chapter 7 Changes in Ordinary Shares and Shareholders.

XVI. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(I) Sale of Equity the Company Held in Dongguan Haichang Industry Co., Ltd. ("Haichang Company")

As considered and approved at the general manager work meeting of the Company held on 7 January 2019 and in accordance with relevant provisions specified in the Capital Increase Agreement, Supplementary Agreement and Shares Repurchase Agreement between the Company and Dongguan Guantai Industry Co., Ltd. ("Guantai Industry"), the Company sold 20.89% of equity interest in Haichang Company held by the Company for a consideration of RMB784 million to Guantai Industry.

As at the disclosure date of this report, the Company has finished the transaction handover and the registration of changes.

(II) Sales of 50% Equity of Shengdi Fenlei Coal Preparation Engineering Technology (Tianjin) Co., Ltd. ("Shengdi Fenlei")

As considered and approved at the general manager work meeting of the Company held on 25 November 2019, the Company proposed to sell its 50% equity interests in Shengdi Fenlei through public listing. As at the disclosure date of this report, the project has been suspended because the bidding process expired.

(III) Cancellation of Xinyinlian Co., Ltd.

As reviewed and approved at general manager work meeting of the Company held on 19 January 2020, Xinyinlian Co., Ltd, a controlled subsidiary of the Company, performed liquidation procedure in accordance with local laws in Singapore and its articles of association. As at the disclosure date of this report, the liquidation procedure of Xinyinlian Co., Ltd. has been completed.

(IV) Sales of 100% Equity of Ejin Horo Anhe Coal Co., Ltd.

As reviewed and approved at general manager work meeting of the Company held on 17 June 2020, the Company proposed to sell its 100% equity interests in Yijinhuoluo Anhe Coal Co., Ltd through public bidding. As at the disclosure date of this report, the equity transaction and the business registration of changes has been completed.

(V) Sales of 0.3425% Equity of Shaanxi Future Energy & Chemicals Co., Ltd.

As reviewed and approved at general manager work meeting of the Company held on 14 July 2020, the Company sold its 0.3425% equity in Shaanxi Future Energy & Chemicals Co., Ltd to Yulin Yuyang State-owned Assets Operation Co., Ltd. at a price of RMB18.495 million. As at the disclosure date of this report, the equity transfer and the business registration of changes have been completed.

(VI) Establishment of a JV of Debote Machinery (Shandong) Co., Ltd (Debote Shandong Company) was incorporated

As reviewed and approved at the general manager work meeting held on 26 August 2020, the Company and Tangshan Aiyide Machinery Equipment Co., Ltd (Aiyide Company) established a joint venture Debote Shandong Company. Its registered capital is RMB150 million, of which, the Company invested RMB60 million and Aiyide Company invested RMB90 million, with shareholdings of 40% and 60%, respectively. Debote Shandong Company is mainly involved in manufacturing and sales of equipment specialized for materials handling, general parts manufacturing, special equipment repair, manufacturing and sales of power generator and generator set, manufacturing and sales of mining machinery.

(VII) Participated in the Capital Increase Project of Inner Mongolia Mining Group Co., Ltd. ("Inner Mongolia Mining Group") through Public Tendering

As considered and approved at the third meeting of the eighth session of the Board dated 4 September 2020, in the Inner Mongolia Property Rights Exchange Center, the Company participated in the capital increase tender for Inner Mongolia Mining Group's public delisting at a price no higher than RMB3,962.2895 million.

Upon the expiration of the listing publicity period, the Company became the only qualified capital increase investor at a floor listing price of RMB3,962.2895 million.

On 28 October 2020, the Company, Inner Mongolia Mining Group and Inner Mongolia Geology and Mineral (Group) Co. Ltd (shareholder of Inner Mongolia Mining Group) signed capital increase agreement. As at the date of this report, the transaction and the business registration of changes of this event has been completed.

For details, please refer to the announcement dated 4 September 2020 on the plan to participate in the capital increase project of Inner Mongolia Mining Group through public delisting, and the announcement dated 28 October 2020 on the progress of the capital increase project, which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal and Shanghai Securities News and Securities Times in the PRC.

(VIII) Establishment of a JV of Shandong Xinbaolong Industry Technology Co., Ltd ("Xinbaolong Company")

As reviewed and approved at the general manager work meeting held on 16 November 2020, the Company and Wuxi Baotong Technology Co., Ltd ("Wuxi Baotong") established a joint venture. The registered capital of Xinbaolong Company is RMB100 million, of which the Company invested RMB45 million and Wuxi Baotong invested RMB45 million, and the backbone employees contributed RMB10 million, with shareholdings of 45%, 45% and 10%, respectively. Xinbaolong Company is mainly involved in technological service, technology development, technology consultance, technology transfer, rubber products manufacturing and sales, internet digital service, digital processing service, IT consultance and etc.

(IX) Increase the Company's 2020-2024 Cash Dividend Ratio

As considered and approved at the 2020 second extraordinary general meeting held on 9 December 2020, the Company resolved that from year 2020 to year 2024, the total cash dividends distributed by the Company in each fiscal year, shall account for approximately fifty percent of the Company's net profit for the year after deducting statutory reserves, and the cash dividend per share shall not be less than RMB0.5.

For details, please refer to the announcement on the resolutions of the sixth meeting of the eighth session of the Board and the announcement on increasing the cash dividend ratio on 23 October 2020, and the announcement on the resolution of the 2020 second extraordinary general meeting of the Company on 9 December 2020, which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News and Securities Times in the PRC.

(X) Adjustment of Company Organization

As reviewed and approved at the seventh meeting of the eighth session of the Board held on 9 December 2020, the Company established Inspecting Office to supervise and inspecting the Company's management activities in an integrated way, which is to follow and supervise key works and tasks assigned by the Inspecting Office of the parent company as well as the directors, the supervisors and the senior management of the Company; to require the Company's subordinates and departments to carry out the works under inspection, and to supervise and examine the performance by the departments or company organs and ask for accountability thereof.

As reviewed and approved at the ninth meeting of the eighth session of the Board held on 5 February 2021, the Company's organization was adjusted as followings.

1. Operation Management Department. It is responsible for company reform, enterprise management, full marketization, integrated operation dispatching, operation evaluation.

2. Human Resource Service Center. It is responsible for employee's social insurance, retirement, employee's education and training, college graduates and staff recruitment, professional identification, professional titles promotion, skilled talents selection and training.

3. Audit Center. It is responsible for economic activities auditing, internal risk control assessment, economic responsibility auditing for related management personnel, cost budget, supervision over bidding process, etc.

4. Project Supervision Center. It is responsible for supervision and assessment of the whole process of project construction, daily supervision of construction projects, supervision and assessment of completion acceptance of projects, tactics control over engineering project bidding, biding of procurement of engineering construction and consulting services, overall planning of construction projects, participation in design review of construction projects, approval of construction starting report, construction contract management, etc.

5. News Center. It is responsible for publicity and disclosure of news and significant events, management of news public opinion, daily management of newspapers, TV stations, websites, new media, etc.

6. Comprehensive service center. Responsible for the organization of conference affairs, external reception, retirement management, comprehensive file management, internal security, logistics and other daily comprehensive services.

7. Technology and quality center. It is responsible for scientific and technological innovation, quality management, quality system certification, intellectual property management, energy conservation and consumption reduction, standard measurement, standard certification, etc.

8. Operation Coordination Center. It is responsible for management of early retirement in reformed units, post-leaving staff, and the affairs after handover and localization of "power supply, water supply, heat supply and property management".

9. IT center. It is responsible for the information project construction, industrial internet planning and construction, standard system construction, information security management, information technology industry development, etc.

For details, please refer to the announcement on the resolutions of the seventh meeting of the eighth session of the Board held on 9 December 2020 and the announcement on the resolution of the ninth meeting of the eighth session of the Board held on 5 February 2021, which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily in the PRC.

(XI) Strategic reorganization of the Controlled Shareholder

On 14 August 2020, a Merger Agreement was entered into between the former Shandong Energy Group Co., Ltd (the "former Shandong Energy Group") and Yankuang Group, under which, Yankuang Group, being the surviving enterprise, renamed as "Shandong Energy Group", and the controlling shareholder of the Company remain unchanged. Since the date of the completion of the merger, all the assets, liabilities, business activities, staff, contracts, certifications as well as the rights and obligations of the former Shandong Energy Group were inherited, undertaken and enjoyed by the surviving company.

As at the date of this report, the strategic reorganization has completed the delivery procedures.

For details, please refer to the announcement on strategic reorganization of the controlling shareholder dated on 12 July 2020, and the announcement on update on the strategic reorganization of the controlling shareholder dated 14 August 2020 and the announcement on completion of delivery of the strategic reorganization of the controlling shareholder on 30 November 2020, which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News and Securities Times in the PRC.

XVII. IMPLEMENTATION OF SOCIAL RESPONSIBILITIES IN AN ACTIVE MANNER

(I) Performance of Poverty Alleviation by the Company

1. Targeted poverty alleviation program

In accordance with the national targeted poverty alleviation plan and the actual conditions, the Company actively fulfilled its social responsibility. Through the formulation of various forms of poverty alleviation plans, such as goods and materials poverty alleviation, political poverty alleviation, industrial poverty alleviation, cultural poverty alleviation and education poverty alleviation, the Company has deepened the cooperation between local government and enterprises, pushed local development and propelled alleviate poverty.

2. *Summary of annual targeted poverty alleviation*

In 2020, while maintaining steady growth, the Group also proactively fulfilled its social responsibilities and carried out targeted poverty alleviation work. It implemented five-in-one poverty alleviation plan to help poverty alleviation in CPC party building, materials supply, industry support, culture building and education assistance. In term of CPC party building, it selected and assigned three people to serve as the first secretary of three villages of Huangdian Town, Dingtao District, Heze City. Starting with the establishment of rules and regulations, they improved party work system, established twelve party work groups in villages to undertake leadership in poverty alleviation. Not only online platforms such as "Beacon Online" and "Weicun" were used, but also party building research experts were invited to give lectures to improve the village cadres' level of political theory. In terms of material supply, it provided 6,000 tons of coal to kindergartens and happiness home in Wushen Banner of Inner Mongolia, and the poverty-stricken villages in Heshu County Shanxi Huzhu for resident heating in winter. Under our help, 213 villagers in three villages of Heze are able to use electricity power instead of coal, and their production and living conditions have been greatly improved. During the COVID-19 pandemic, the Company actively donated funds for pandemic prevention in towns and villages as well as support materials such as masks, sterilization supplies, food and clothing. The Company also helped the three villages with pandemic prevention and control as well as the resumption of work and agriculture, and helped to purchase seeds, fertilizers, pesticides and other agricultural materials. In terms of industry support, the Company made the industry support as a pillar measure for targeted poverty alleviation and implemented one village with one characteristic industry program. For which, the Company invested RMB1.00 million in organic vegetable greenhouses project in Huangdian Town, and a first-class distribution center with 10 high-standard greenhouses for vegetable production, seedling raising, variety cultivation and sales have been built up. The Company invested RMB1.2 million in vineyard in Xiaodangshan Village and a cherry orchard in Xiahuzhu village, which increasing income for more than 20 poor households. In Shanghuangzhuang village, 200 mu of chinese prickly ash and 50 mu of honeysuckle have been planted, benefiting 23 poverty-stricken households by means of land transfer, land share dividends and labor services, with annual income increased by more than RMB2,000 for each household. The Company also invested RMB500,000 in a village in Ejin Horo Banner, Ordos City, for the construction of greenhouse edible mushroom project, to help villagers get rid of poverty and become rich. In terms of cultural building, 3 cultural courtyards and 3 cultural squares with broadcasting facilities and fitness equipment have been built in targeted villagers to enrich villagers' part-time life. Radios were donated to the aged villagers over 70 years old. Worked out village regulations and conventions to help villagers, and carry out activities to create "beautiful courtyards". A series of activities, such as "listening to veterans' stories" and "sharing the same fate with our country", have been carried out in the villages to pass on positive energy. In terms of education assistance, during the pandemic, five places were connected to networks and more than 30 mobile phones were donated to poverty-stricken students to help them to access "online classroom". In cooperation with Shandong Preschool Education Association, the Company held infant education lectures and psychological counseling for more than 200 pre-school children and their parents, and donated more than 600 sets of early education books and teaching materials. The Company also provided volunteer services mechanism to the schools in the targeted villages, and the Company's staff education and training center proactively sent a team to Huangdian town Dingtao District to provide employment recruitment platform support, and organize volunteers to provide compulsory education services like "Xiaohe School" to more than 200 elementary school students.

3. Achievement on targeted poverty alleviation

Unit: RMB10 thousand

Indicators	Amount of Investment and Implementation
I. Overview	1,914
Of which: 1.Poverty alleviation fund	1,798
2.Goods and materials in equivalent of cash	116
II. Investment by items	
1. Poverty alleviation by industry	
Of which: 1.1 Poverty alleviation by industry	√ Agriculture and forestry industry ☐ Tourism ☐ E-commerce ☐ Asset returns ☐ Science and technology √ Others
1.2 Number of industry projects	9
1.3 Total investment of industry projects	277
2. Poverty alleviation by education	
Of which: 2.1 Total amount of subsidies to poverty-stricken students	100
3. Poverty alleviation by ecological protection	
Of which: 3.1 Name of projects	√ Ecological protection and construction ☐ Establishing ecological protection compensation ☐ Establish ecological public welfare posts ☐ Others
3.2 Total investment	159
4. Other projects	
Of which: 4.1 Number of projects	10
4.2 Total investment	1,262
4.3 Explanation on other projects	Public donation for COVID-19 pandemic, donating coal, building canteen in poverty-stricken areas, building road and bridges in villages and towns, providing villages greening, purchasing and donating pandemic protection materials, donating clothing and food, providing pesticides and fertilizer for spring plowing, visiting and providing subsidies to poverty-stricken households or party members in targeted poverty alleviation villages.

4. Subsequent targeted poverty alleviation plan

The Group will continue to carry out targeted poverty alleviation, fulfill social responsibility, enhance core competitiveness and build a good corporate image. It will fully carry out deployment requirements on poverty alleviation by national and local governments as always, vigorously help to get rid of poverty and maintain the success achieved by keeping track of the income of the targeted villages and guarantee no people worries about food and clothing, guarantee compulsory education, basic medical care and housing). The Group will continue to pay close attention to the party building, industry development, people's livelihood, cultural education so as to maintain continuous success in poverty alleviation.

(II) Performance of Social Responsibilities

The Group is committed to sustainable development, and always integrates performance of social responsibility into the whole process of its development. During the reporting period, there is no major environmental or social security problem. For details in relation to environment protection, safety and other social responsibilities, please refer to the 2020 Social Responsibility Report published on the websites of the Shanghai Stock Exchange, the HKEX and the Company.

(III) Environmental Protection Information

1. Explanation on environmental protection practices of the Company and its subsidiaries in the List of Key Pollutant Discharging Entities released by the environmental protection authorities

(1) Pollutant discharging

During the reporting period, no significant environment pollution incidents occur within the Group, which has not received any punishment due to significant violation of environment protection laws from environmental protection regulators. The Group has strictly abided by the laws and regulations, including Environmental Protection Law of the People's Republic of China, Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, etc. The Group actively engages in pollution control to meet standards and criteria stipulated by relevant regulations, including Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), Emission Standard of Air Pollutants for Boiler (GB13271-2014), Emission Standard for Pollutants from Coal Industry (GB 20426-2006) and National Comprehensive Working Plan for Energy Conservation and Emission Reduction for the Thirteenth Five-Year Plan Period.

In 2020, the coal mines affiliated to the Group equipped with sound facilities for sewage process and dust control at coal stockyards, which are in normal operation, and the discharge of main pollutants, such as SO_2, COD, ammonia nitrogen, nitrogen oxide (NO_X), PM10 etc. meet all discharging standards. The power plants affiliated to the Group equipped with sound facilities for exhaust gas management, which are in normal operation, and the discharge of main pollutants, such as smoke dust, SO_2, NO_X, etc. meet all discharging standards. The chemical plants affiliated to the Group equipped with sound facilities for industrial sewage processing and boiler smoke and gas management, which are in normal operation, and the discharge of main pollutants, such as COD, ammonia nitrogen, smoke dust, SO_2, NO_X, etc. meet all discharging standards. The Group has been improving its environmental protection management system, standardizing its management processes and working procedures for energy conservation and emission reduction, so as to prevent environmental pollution and ecological damage from the beginning and to strive to build itself into a resource-saving and environmental-friendly company.

All of the key pollutant discharging entities in the Group have been granted the pollutant discharging certificates, discharged pollutants accordingly and within the total permitted discharging volume, which met the relevant environmental protection requirements. Information of the subsidiaries in the list of 2020 key pollutant discharging entities released by the environmental protection authorities are as follows:

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2020
1	Nantun Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater	Chemical oxygen demand (COD), ammonia nitrogen	discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Provincial Comprehensive Discharging Standard for Water Pollutant along South Water to North Infrastructures (DB37/3416.1-2018)	292 tons of COD, 29.2 tons of ammonia nitrogen	7.9 tons of COD and 0.1 tons of ammonia nitrogen
2	Baodian Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, household wastewater				103.8 tons of COD, 5.4 tons of ammonia nitrogen	50.5 tons of COD and 0.3 tons of ammonia nitrogen
3	Yangcun Coal Mine (Key pollutant discharging entity in Shandong Province)					33.1 tons of COD and 1.2 tons of ammonia nitrogen	2.1 tons of COD and 0.06 tons of ammonia nitrogen
4	Heze Neng Hua Zhaolou Coal Mine (Key pollutant discharging entity in Shandong Province)					95.4 tons of COD and 5.9 tons of ammonia nitrogen	4.1 tons of COD and 0.02 tons of ammonia nitrogen

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2020
5	Xinglongzhuang Coal Mine (Key industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of household wastewater)				Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Provincial Comprehensive Discharging Standard for Water Pollutant along South Water to North Infrastructures (DB37/599-2006), Pollutant Discharging Standard for Urban Sewage Water Treatment Plant (GB18918-2002)	109 tons of COD, 5.5 tons of ammonia nitrogen	0.3 tons of COD and 0.02 tons of ammonia nitrogen
6	Dongtan Coal Mine (Key industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of household wastewater)					9.8 tons of COD, 0.4 tons of ammonia Nitrogen	0 ton of COD and 0 ton of ammonia nitrogen
7	Jining II Coal Mine (Key pollutant discharging entity in Shandong Province)					30.7 tons of COD, 2.9 tons of ammonia nitrogen	15 tons of COD, 0.8 tons of ammonia nitrogen
8	Jining III Coal Mine (Key pollutant discharging entity in Shandong Province)					362.9 tons of COD, 18.1 tons of ammonia nitrogen	24.5 tons of COD, 0.8 tons of ammonia nitrogen

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2020
9	Tianchi Coal Mine of Shanxi Neng Hua (Key pollutant discharging entity of Jinzhong City)	boiler smoke and gas, industrial waste water, household wastewater		smoke and gas discharged to the air after purification, and the waste water recycled for reutilization after treatment in waste water treatment station and not discharged at all	Air Pollutants Discharge Standards for Boilers (GB13271-2014), Pollutant Discharging Standard for Coal Industry (GB20426-2006)	Total discharge of COD and ammonia nitrogen not calculated, but abided by the emission concentration standard	the actual emission concentration was lower than the standard requirement. The boilers did not operate in 2020 3.9 tons of COD, 0.2 tons of ammonia nitrogen
10	Future Energy (national key pollutant discharging entity)		PM, SO_2, NOx,		Air Pollutants Discharge Standards for Boilers (GB13271-2014)	96.6 tons of PM, 668.3 tons of SO_2, 1169.9 tons of NOx	30.6 tons of PM, 18.9 tons of SO_2, 513.4 tons of NOx
11	Zhuanlongwan Coal Mine of Ordos Neng Hua (Ordos City key pollutant discharging entity)					10.8 tons of PM, 51.8 tons of SO_2, 81.2 tons of NOx	4.2 tons of PM, 5.6 tons of SO_2, 33.2 tons of NOx
12	Jinjitan Coal Mine (Yulin City's key pollutant discharging entity)					6.1 tons of PM, 20.4 tons of SO_2, 40.7tons of NOx	2.3 tons of PM, 19.8 tons of SO_2, 24.7 tons of NOx

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2020
13	Methanol Plant of Yulin Neng Hua (National key pollutant discharging entity)		PM, SO_2, NOx, COD, ammonia nitrogen	smoke and gas discharged to the air after purification, the waste water recycled for reutilization after treatment in waste water treatment station and the remaining discharged	Air Pollutants Discharge Standards for Boilers (GB13271-2014), Comprehensive Waste Water Discharging Standard (GB 8978-1996)	PM 169.8 tons, SO_2 1042.7 tons, NOx 590.8 tons, COD 90.5 tons, ammonia nitrogen 14.5 tons	33.7 tons of PM, 91.3 tons of SO_2, 117.6 tons of NOx, 34.6 tons of COD, and 2.7 tons of ammonia nitrogen
14	Rongxin Chemicals of Ordos Neng Hua (National key pollutant discharging entity)					PM 169.8 tons, SO_2 1042.7 tons, NOx 590.8 tons, COD 90.5 tons, ammonia nitrogen 14.5 tons	PM 33.7 tons, SO_2 91.3 tons, NOx 117.6 tons, COD 34.6 tons, ammonia nitrogen 2.7 tons
15	Lunan Chemicals (National key pollutant discharging entity)					PM 73.5 tons, SO_2 380.6 tons, NOx 543.8 tons, COD 501 tons, ammonia nitrogen 79.5 tons	PM 8.1 tons, SO_2 52.6 tons, NOx 159.4 tons, COD 364 tons, ammonia nitrogen 18.1 tons
16	Power Generation Plant of Huaju Energy (National key pollutant discharging entity)	boiler smoke and gas	Particulate matter (PM), SO_2, NOx	Discharged to the air after purification	Shandong Province Air Pollutants Discharge Standards for Coal-burned Power Plant (DB37/664-2013)	PM 182.1 tons, SO_2 880.8 tons, NOx 2,145 tons	27.3 tons of PM, 187.9 tons of SO_2, 857.3 tons of NOx
17	Power Plant of Inner Mongolia Mining Group (key pollutant discharging entity of Ulanqab City)				Coal-burned Power Plant Pollutants Discharging Standards (GB13223-2011)	PM 374 tons, SO_2 1,522.1 tons, NOx 1,522.1 tons	72.2 tons of PM, 292.3 tons of SO_2, 587.7 tons of NOx

(2) Construction and operation of pollution prevention and control facilities

All of the coal mine enterprises affiliated to the Group have built mine water and domestic sewage treatment facilities. The Group has completed the whole sealing of the coal yard and coal refuse yard and the construction of silos, closed coal sheds and closed material sheds. The power plant boilers have all completed ultra-low emission renovation. Chemical enterprises have built industrial sewage treatment plants, and boilers have undergone ultra-low emission modification as required. Currently, VOCs are being treated. The pollution control facilities operate in parallel with the production system to ensure that pollutants are discharged according to relevant standards.

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
1	Nantun Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds are set up. High salt mine water treatment facility is under construction.
2	Dongtan Coal Mine	
3	Jining No. 2 Coal Mine	
4	Jining No. 3 Coal Mine	
5	Zhaolou Coal Mine of Heze Neng Hua	
6	Yangcun Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
7	Xinglongzhuang Coal Mine	
8	Baodian Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up. High-salt mine water treatment facility has been built and in normal operation.
9	Tianchi Coal Mine, Shanxi Neng Hua	A mine water treatment station and a household wastewater treatment station has been built as required, which are in normal operation. Two natural gas boilers have been built to replace coal burned boilers, one is 10 steam tons and the other is 6 steam tons.

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
10	Zhuanlongwan Coal Mine, Ordos Neng Hua	Zhuanlongwan Coal Mine has a mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. It also has 2 boilers of 20 steam tons each and 1 boiler of one 6 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and are in normal running.
11	Jinjitan Coal Mine	Jinjitan has a mine water treatment station and a domestic sewage treatment station in normal operation as required. It also has 2 boilers with 20 steam tons each, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation.
12	Future Energy	Future Energy has an industrial water treatment plant in normal operation, which discharges the waste water after treatment for recycling use after further treatment. It also has 3 boilers with 480 steam tons each in normal operation, which are all equipped with de-dedusting, desulfurization and de-nitration facilities.
13	Methanol plant of Yulin Neng Hua	An industrial wastewater treatment station has been built as required and is in normal operation. It also has 3 coal fines boilers of 260 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities, which have completed ultra-low emission retrofit and are in normal operation.
14	Rongxin Chemicals, Ordos Neng Hua	Rongxin Chemicals has mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. It also has 3 units of 220 steam tons circulating fluidized bed boilers, which are all equipped with de-dusting, desulfurization and de-nitration facilities, which have completed ultra-low emission retrofit and are in normal operation.

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
15	Lunan Chemicals	Lunan Chemicals has an industrial waste water treatment plant in normal operation as required. It also has 6 circulating fluidized bed boilers in normal operation, with 4 boilers of 130 steam tons each, 1 boiler of 260 steam tons and 1 boiler of 480 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have completed ultra-low emission retrofit.
16	Power plant of Huaju Energy	It has 15 boilers, with total capacity of 2,715 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have achieved ultra-low emission retrofit and are in normal operation. In response to the governmental requirements in 2020, it totally closed down 12 boilers in Jining No.2 Coal Mine, Nantun Power Plant, Dongtan Power Plant, Baodian Power Plant and Xinglongzhuang Power Plant, with total capacity of 810 steam tons.
17	Power plant of Inner Mongolia Mining Group	It has 2 boilers, with total capacity of 2,478 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have achieved ultra-low emission retrofit and both are in normal operation.

(3) Environmental impact assessment on constructive projects and other administrative licenses for environmental protection

The Group has carried out environmental impact assessment before commencement of the project construction. The pollution control and ecological preservation projects and the main construction project are designed, constructed and put into use in the meantime according to requirements for environmental impact assessment and reply. After the trial run is completed, the environmental protection for acceptance will be applied as required. Once obtaining the approval of acceptance, the Group can put into operation and use.

(4) *Emergency plan for emergency environmental problems*

Each production unit of the Group has, on its own or authorized qualified units to prepare contingency plans for environmental emergencies, which will be assessed by the competent environmental protection administration department of the government and relevant experts for the record. At the same time, we have strengthened emergency facilities, carried out regular emergency drills to improve our capacity of preventing and controlling environmental pollution events so as to minimize or reduce environmental problems.

(5) *Environmental self-monitoring program*

The coal mine enterprises affiliated to the Group are all equipped with online sewage monitoring systems and PM10 coal stockpile online monitoring facilities. The boilers of power plants are all equipped with online exhaust gas monitoring facilities. The chemical enterprises are all equipped with online industrial waste water and boiler exhaust monitoring facilities. All these online monitoring facilities are connected to the monitoring platform of the government to realize real-time supervision. All production units of the Group have prepared self-monitoring plans, carried out self-monitoring regularly, and disclosed monitoring information of key pollution sources to the public as required. The main methods of monitoring are online monitoring and entrusted monitoring.

i. On-line monitoring

① Mine water

On-line monitoring of COD in the discharge water from the coal mine is carried out by a third party as required with monitoring frequency of once every 2 hours and monitoring data connected with government monitoring platform in real time.

② Domestic sewage

On-line monitoring of COD, ammonia nitrogen, TP and TN in the discharge water is carried out by a third party as required with monitoring frequency of once every 2 hours and monitoring data connected with government monitoring platform in real time.

③ Industrial wastewater

On-line monitoring of COD, ammonia nitrogen, TP and TN in the discharge water is carried out by a third party as required with monitoring frequency of once every 2 hours and monitoring data connected with government monitoring platform in real time.

④ Boiler smoke

On-line monitoring of SO_2, NO_X, smoke and dust is carried out by a third party as required once an hour and monitoring data are connected with government monitoring platform in real time.

⑤ Online monitoring of PM10 in coal stockpile

On-line monitoring of PM10 in coal stockpile exit is carried out by a third party as required once an hour and monitoring data are connected with Jining Municipal Coal Bureau monitoring platform in real time.

ii. Entrusted monitoring

① Monitoring of pollutants in the discharge water is carried out by a third party as required once a month and the monitoring objectives shall refer to the Standard for the Discharge of Pollutants in Urban Sewage Treatment Plant.

② The Group has entrusted a third party to implement manual monitoring of Ringelman emittance, smoke and dust, SO_2 and NO_X quarterly.

③ The Group has entrusted the third party to implement plant boundary noise monitoring quarterly.

④ The monitoring of radioactive sources (if any) has been conducted once a year by a third party as required.

(6) Other environmental information that should be disclosed

Not applicable.

2. Environmental protection statement for companies other than the key discharging entities

In accordance with the principles of source prevention, process control and end treatment, the Group implements clean production, carries out pollution prevention and control, and minimizes the impact of production on the environment. The Group actively carries out water and soil conservation, subsidence area treatment, reclamation greening, ecological construction and other work, to protect and improve the local ecological environment. All the companies other than the key pollutant discharging units have built pollution control facilities in accordance with the environmental approval requirements, and operate normally without exceeding the emission standards. The total amount of pollutants discharged meets the total amount approved by the superior competent department.

3. Explanation of reasons for non-disclosure of environmental information by the Company other than key discharging entities

The impact of companies other than key discharging entities on the environment is mainly daily office operations on energy resource consumption and emissions, which has less impact on the environment, and we have strictly abided by Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Prevention and Control of Atmospheric Pollution Law of the PRC and Solid Waste Pollution Prevention and Control Law of the PRC. Therefore, the Company received no punishment due to violations of environmental regulations during the reporting period.

4. Description of the follow-up progress or changes in the disclosure of environmental information during the reporting period

Not applicable.

(IV) Other Explanation

Not applicable.

XVIII. CONVERTIBLE CORPORATE BONDS

Not applicable.

Changes in Ordinary Shares and Shareholders

I. CHANGES IN ORDINARY SHARES

(I) Table of Changes in Ordinary Shares

1. Table of changes in ordinary shares

Unit: Share(s)

		Before change		Increase/Decrease (+,-)		After change	
		Shares	Percentage (%)	Others	Sub-total	Shares	Percentage (%)
I	Listed shares with restricted moratorium	120,500	0.0025	-77,700	-77,700	42,800	0.0009
	1. State shareholding	0	0	0	0	0	0
	2. shareholding by state-owned legal person	0	0	0	0	0	0
	3. other domestic shareholding	120,500	0.0025	-77,700	-77,700	42,800	0.0009
	Including: domestic shareholding by non-state-owned legal person	0	0	0	0	0	0
	domestic natural person shareholding	120,500	0.0025	-77,700	-77,700	42,800	0.0009
	4. foreign shareholding	0	0	0	0	0	0
II	Shares without trading moratorium	4,911,895,500	99.9975	-51,938,300	-51,938,300	4,859,957,200	99.9991
	1. A Shares	2,959,879,500	60.2579	77,700	77,700	2,959,957,200	60.9045
	2. Foreign shares domestically-listed	0	0	0	0	0	0
	3. Foreign shares listed overseas	1,952,016,000	39.7396	-52,016,000	-52,016,000	1,900,000,000	39.0947
	4. Others	0	0	0	0	0	0
III.	Total share capital	4,912,016,000	100	-52,016,000	-52,016,000	4,860,000,000	100

Note: ① The percentage data in the above table is rounded off the fourth decimal places, and the mantissa of some sums and the sum of the detailed numbers is different, which is caused by the rounded off percentage results.

② The first option exercising period (from 18 February 2021 to 11 February 2022) under 2018 A Shares option scheme of the Company began on 18 February 2021. As at the disclosure date of the report, a total of 13,041,592 options have been exercised, and the share capital of the Company increased to 4,873,041,592 shares accordingly.

2. *Explanation on changes in ordinary shares*

(1) At 2018 annual general meeting and 2019 second class meeting of the holders of A shares and 2019 second class meeting of the holders of H shares convened by the Company on 24 May 2019, the Board was authorized a general mandate, at its own discretion, upon approval by relevant supervisory and administrative organs and in compliance with relevant laws, regulations, rules and the Articles of Association, to repurchase H shares in an amount not exceeding 10% over the total issued H shares on the date of the related resolution passed during the effective period of the authorization.

The Company began the first repurchase on 4 May 2020. From 4 May 2020 to 22 May 2020, the Company totally repurchased 52,016,000 shares from the HKEX in an aggregate payment of HK$310,188,380.00 (excluding commission fee and charges), with lowest repurchasing price at HK$5.63 per share and the highest repurchasing price at HK$6.35 per share.

For details, please refer to the voluntary announcement on Yanzhou Coal's H share repurchase dated 6 May 2020, the voluntary announcement on Yanzhou Coal's H share repurchase in May 2020 dated 30 May 2020, and the Next Day Disclosure Return dated on 7 May, 9 May, 12 May, 13 May, 14 May, 15 May, 16 May, 19 May, 20 May, 21 May, 22 May, 23 May, and 29 June, which were posted on the websites of on the websites of the Shanghai Stock Exchange, the HKEX, the Company and/or China Securities Journal and Shanghai Securities News.

(2) The Company's former directors, supervisors and senior management have resigned for 6 months, and the totally 80,500 A shares subject to trading moratorium they held are released from the trading moratorium. Mr. Gu Shisheng, a supervisor of the Company increased his shareholding by 2,800 A shares on 9 July 2020. For details, please refer to the section headed Changes in Shares with Restricted Moratorium.

3. *The impact of changes in ordinary shares on financial indicators such as earnings per share, net asset per share of last year and last financial year (if any)*

During the reporting period, the total ordinary shares of the Company decreased from 4,912,016,000 shares to 4,860,000,000 shares, which has no significant impact on the financial indicators of the current period and the subsequent reporting period.

4. *Other disclosures the Company considers necessary or required by securities regulatory institutions*

As at the latest practicable date prior to the issue of this annual report, according to the information publicly available to the Company and within the knowledge of the Directors, the Directors believe that during the reporting period, the public float of the Company is more than 25% of the Company's total issued shares, which is in compliance with the requirement of the Hong Kong Listing Rules.

(II) Changes in Shares with Restricted Moratorium

Unit: shares

Name of shareholder	Number of shares with restricted trading moratorium at the beginning of the year	Number of shares released from trading moratorium	Increase in number of shares with restricted trading moratorium	Number of shares with restricted trading moratorium at the end of the year	Reasons for trading moratorium	The date of release from trading moratorium
Gu Shisheng	10,000	0	2,800	12,800	shareholding by Directors, Supervisors and Senior Management	/
Guo Jun	10,000	10,000	0	0	shareholding by Directors, Supervisors and Senior	28 December 2020
Jiang Qingquan	10,000	10,000	0	0	Management	28 December 2020
Zhao Honggang	10,000	10,000	0	0	shareholding by Directors, Supervisors and Senior	28 December 2020
Wang Fuqi	10,000	10,000	0	0	Management	28 December 2020
Wu Yuxiang	30,000	30,000	0	0	shareholding by Directors, Supervisors and Senior	28 December 2020
Chen Zhongyi	10,500	10,500	0	0	Management	28 December 2020
Total	90,500	80,500	2,800	12,800	/	/

II. SECURITIES ISSUANCE AND LISTING

(I) Securities Issuance during the Reporting Period

Unit: RMB shares

Type of stock and its related derivative securities	Date of placement	Issuing price (or interest)	Amount of placement (RMB100 million)	Date of listing	Approved listed tradable amount (RMB100 million)	Date of trade termination
Corporate bond	10 March 2020	2.99%	3	19 March 2020	3	12 March 2023
Corporate bond	10 March 2020	3.43%	27	19 March 2020	27	12 March 2025
Corporate bond	10 March 2020	4.29%	20	19 March 2020	20	12 March 2030
Corporate bond	21 Oct 2020	3.89%	35	30 Oct 2020	35	23 Oct 2035
Corporate bond	21 Oct 2020	4.27%	15	30 Oct 2020	15	23 Oct 2030

Explanation on securities issuance during the reporting period (for bonds with different interest rates during the duration, please explain separately).

1. In accordance with China Securities Regulatory Commission's approving document No. [2019] 2472, the Company is permitted to publicly issue corporate bonds in a book value not exceeding RMB20 billion to qualified investors. The Company publicly issued 2020 corporate bonds (1st tranche) (class one) to qualified investors from 10 March 2020 to 12 March 2020, with total value of RMB300 million at a coupon rate of 2.99%, which has been available for trading in Shanghai Stock Exchange since 19 March 2020, with the stock short name "20 Yanmei 01" and stock code "163234".

2. In accordance with China Securities Regulatory Commission's approving document No. [2019] 2472, the Company is permitted to publicly issue corporate bonds in a book value not exceeding RMB20 billion to qualified investors. The Company publicly issued 2020 corporate bonds (1st tranche) (class two) to qualified investors from 10 March 2020 to 12 March 2020 in an amount of RMB2,700 million at a coupon rate of 3.43%, which has been available for trading in Shanghai Stock Exchange since 19 March 2020, with the stock abbreviation "20 Yanmei 02" and stock code "163235".

3. In accordance with China Securities Regulatory Commission's approving document No. [2019] 2472, the Company is permitted to publicly issue corporate bonds in a book value not exceeding RMB20 billion to qualified investors. The Company publicly issued 2020 corporate bonds (1st tranche) (class three) to qualified investors from 10 March 2020 to 12 March 2020 in an amount of RMB2,000 million at a coupon rate of 4.29%, which has been available for trading in Shanghai Stock Exchange since 19 March 2020, with the stock abbreviation "20 Yanmei 03" and stock code "163236".

4. In accordance with China Securities Regulatory Commission's approving document No. [2019] 2472, the Company is permitted to publicly issue corporate bonds in a book value not exceeding RMB20 billion to qualified investors. The Company publicly issued 2020 corporate bonds (2nd tranche) (class one) to qualified investors from 21 October 2020 to 23 October 2020 in an amount of RMB3,500 million at a coupon rate of 3.89%, which has been available for trading in Shanghai Stock Exchange since 30 October 2020, with the stock abbreviation "20 Yanmei 04" and stock code "175274".

5. In accordance with China Securities Regulatory Commission's approving document No. [2019] 2472, the Company is permitted to publicly issue corporate bonds in a book value not exceeding RMB20 billion to qualified investors. The Company publicly issued 2020 corporate bonds (2nd tranche) (class two) to qualified investors from 21 October 2020 to 23 October 2020 in an amount of RMB1,500 million at a coupon rate of 4.27%, which has been available for trading in Shanghai Stock Exchange since 30 October 2020, with the stock abbreviation "20 Yanmei 05" and stock code "175275".

As at the end of the reporting period, under the approving document No. [2019]2472, the Company has totally issued corporate bond of RMB10 billion, and the remaining quota is RMB10 billion. For details of the issuance of corporate bonds this year, please refer to the released content of the annual report "Corporate Bonds" in Chapter Ten.

(II) Changes in Total Number of Shares, Shareholders' Structure, and Assets and Liability of the Company

During the reporting period, the total ordinary shares of the Company decreased from 4,912,016,000 shares to 4,860,000,000 shares, which has no significant impact on the structure of assets and liability of the Company.

(III) Changes in Total Number of Shares Held by the Employees of the Company

Not applicable.

III. SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Total Number of the Shareholders

Total number of shareholders as at 31 December 2020	82,564
Total number of ordinary shareholders at the end of last month prior to the disclosure date of this annual report	79,893
Total number of preferred shareholders with resumed voting right by the end of the reporting period	0
Total number of preferred shareholders with resumed voting right at the end of last month before disclosure date of this annual report	0

(II) Top Ten Shareholders and Top Ten Shareholders Holding Tradable Shares of the Company Which are not Subject to Trading Moratorium

Unit: share(s)

	Shareholdings of the top ten Shareholders						
					Number of pledged or locked shares		
Name of shareholders (full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the Reporting Period	Percentage holding of the total share capital (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	Nature of Shareholders
Yankuang Group Co., LTD. ("Yankuang Group")	0	2,267,169,423	46.65	0	No	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited	-52,457,200	1,895,673,203	39.01	0	Unknown	0	Overseas legal person
Hong Kong Securities Clearing Company Limited	49,254,543	77,051,419	1.59	0	No	0	Overseas legal person
China Merchants Bank Co., Ltd-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	32,096,442	32,096,442	0.66	0	No	0	Others
Central Huijin Assets Management Co., Ltd.	0	19,355,100	0.40	0	No	0	State-owned legal person
Industrial and Commercial Bank of China Co., Ltd.-Fuguo Zhongzheng Dividend Index Growth Securities Investment Fund	5,499,900	5,499,900	0.11	0	No	0	Others
Agricultural Bank of China Co., Ltd.-Zhongzheng 500 Tradable Open Index Securities Investment Fund	4,151,650	4,151,650	0.09	0	No	0	Others
China Construction Bank Co., Ltd-Dacheng Zhongzheng Dividend Index Securities Investment Fund	4,123,600	4,123,600	0.08	0	No	0	Others
Zhang Weishi	921,853	3,771,147	0.08	0	No	0	Domestic natural person
Bank of China Limited-Huabao Standard & Poor's China A Share Dividend Opportunity Index Securities Investment Fund (LOF)	1,792,100	3,473,300	0.07	0	No	0	Others

Top ten Shareholders holding tradable shares not subject to trading moratorium

Name of Shareholders	Number of tradable shares held not subject to trading moratorium at the end of the Reporting Period	Class and number of shares held	
		Class of shares	Number of shares
Yankuang Group Co., LTD. ("**Yankuang Group**")	2,267,169,423	A Shares	2,267,169,423
Hong Kong Securities Clearing Company (Nominees) Limited	1,895,673,203	H Shares	1,895,673,203
Hong Kong Securities Clearing Company Limited	77,051,419	A Shares	77,051,419
China Merchants Bank Co., Ltd-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	32,096,442	A Shares	32,096,442
Central Huijin Assets Management Co., Ltd.	19,355,100	A Shares	19,355,100
Industrial and Commercial Bank of China Co., Ltd.-Fuguo Zhongzheng Dividend Index Growth Securities Investment Fund	5,499,900	A Shares	5,499,900
Agricultural Bank of China Co., Ltd.-Zhongzheng 500 Tradable Open Index Securities Investment Fund	4,151,650	A Shares	4,151,650
China Construction Bank Co., Ltd-Dacheng Zhongzheng Dividend Index Securities Investment Fund	4,123,600	A Shares	4,123,600
Zhang Weishi	3,771,147	A Shares	3,771,147
Bank of China Limited-Huabao Standard & Poor's China A Share Dividend Opportunity Index Securities Investment Fund (LOF)	3,473,300	A Shares	3,473,300
Connected relationship or concerted-party relationship among the above Shareholders	Yankuang Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Yankuang Group ("Yankuang Hong Kong") held 455 million H shares of the Company through Hong Kong Securities Clearing Company (Nominees) Limited. Apart from the disclosure above, it is unknown whether other shareholders are connected with one another or whether any of these shareholders fall within the meaning of parties acting in concert.		
Illustration of preferred shareholders with resumed voting rights and the number of shares held by them	Not applicable.		

Notes:

1. All the information above, including "Total number of Shareholders" and "The top ten Shareholders and the top ten Shareholders holding tradable shares of the Company which are not subject to trading moratorium at the end of the Reporting Period", is prepared in accordance with the registers of the Shareholders provided by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. and Hong Kong Securities Registration Co., Ltd.

2. As the clearing and settlement agent for the Company's H shares, Hong Kong Securities Clearing Company (Nominees) Limited holds the Company's H shares in the capacity of a nominee.

3. Yankuang Group additionally held 80,000,000 H shares through Yankuang Hong Kong on 11 June 2020.

4. As at 31 December 2020, Yankuang Group held a total of 2,267,169,423 A shares of the Company, including 1,875,662,151 A shares held by its own account, and 391,507,272 A shares held by the guarantees and trust account jointly opened with CITIC Securities Co., Ltd. The aforementioned guarantees and trust account provide guarantees for the exchangeable corporate bonds issued by Yankuang Group. Yankuang Group held 454,989,000 H shares through Yankuang Hong Kong. Yankuang Group directly and indirectly holds 56.01% shares of the Company.

The number of shares held by top ten shareholders holding shares subject to trading moratorium and the restrictions

Not applicable.

(III) Strategic Investor or Legal Person Became Top Ten Shareholders for Rights Issue

Not applicable.

(IV) Substantial Shareholders' Interests and/or Short Positions in the Shares and/or Underlying Shares of the Company

As far as the Directors are aware, save as disclosed below, as at 31 December 2020, other than the Directors, Supervisors or chief executives of the Company, there were no other persons who were substantial shareholders of the Company or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the Securities and Futures Ordinance ("**SFO**"); (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Hong Kong Stock Exchange in other ways.

Name of Substantial Shareholders	Class of Shares	Capacity	Number of Shares Held (shares)	Nature of Interest	Percentage in the H Share Capital of the Company	Percentage in Total Share Capital of the Company
Yankuang Group	A Shares (State-owned legal person shares)	Beneficial owner	2,267,169,423	Long position	–	46.65%
		Beneficial owner	391,507,272	Short position	–	8.06%
Yankuang Group①	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.36%
BNP Paribas Investment Partners SA	H Shares	Investment manager	117,641,207	Long position	6.19%	2.42%

Note:

① Yankuang Group's controlled subsidiary incorporated in Hong Kong holds such H Shares in the capacity of beneficial owner.

② The percentage figures above have been rounded off to the nearest second decimal place.

③ Information disclosed herein is based on the information available on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and information provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch.

IV. CONTROLLED SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Controlled Shareholders

1. Legal person

Name	**Yankuang Group**
Person in charge or legal representative	Li Xiyong
Date of establishment	12 March 1996
Main business	coal, coal-burned power generation, coal chemical, high-end equipment manufacturing, new energy and new materials, modern logistics and trade, etc.
Controlling shares or participating shares held by Yankuang Group of other companies listed at home and abroad	Please see the table below.
Other explanations	At 31 December 2020, Yankuang Group held 2,267,000,000 A Shares of the Company, Yankuang Hong Kong held 455,000,000 H shares of the Company, Yankuang Group and Yankuang Hong Kong totally held 2,722,000,000 shares of the Company, representing 56.01% of the total share capital of the Company.

As at 31 December 2020, the other domestic and overseas listed companies controlled or held in participating shares by Yankuang Group is as follows:

No.	Name of the Listed Company	Stock Exchange	Stock Code	Number of Shares Held (shares)	Percentage of Shares Held (%)
1	ST Shandong Mine Geology Co., Ltd	Shenzhen Stock Exchange	000409, SZ	8,535.66	16.71
2	Panjiang Company Limited	Shanghai Stock Exchange	600395, SH	19,197.27	11.60
3	Zhongtai Securities	Shanghai Stock Exchange	600918, SH	69,982.92	10.04
4	Rizhao Port	Shanghai Stock Exchange	600017, SH	23,975.00	7.80
5	Qilu Highway	Hong Kong Stock Exchange	01576, HK	6,650.00	3.33
6	Rizhao Port Yulang	Hong Kong Stock Exchange	06117, HK	5,000.00	3.01

No.	Name of the Listed Company	Stock Exchange	Stock Code	Number of Shares Held (shares)	Percentage of Shares Held (%)
7	Tiandi Science & Technology	Shanghai Stock Exchange	600582, SH	2,145.84	0.52
8	Guotai Junan	Shanghai Stock Exchange	601211, SH	4,870.62	0.55
9	DAS INTELLITECH Co., Ltd.	Shenzhen Stock Exchange	002421, SZ	151.80	0.08
10	Shinva Medical Instrument	Shanghai Stock Exchange	600587, SH	11,694.76	28.77
11	IVD Medical Holding Limited	Hong Kong Stock Exchange	01931, HK	44,365.44	33.27
12	Shandong Fiberglass	Shanghai Stock Exchange	605006, SH	26,370.14	52.74

Note: The strategic reorganization of Yankuang Group and the former Shandong Energy Group was completed on 30 November 2020, and the procedures for business registration are currently being processed. The above-mentioned equity situation includes the equity of listed companies held by the former Shandong Energy Group and its subsidiaries.

(II) Actual Controller

1. Name of actual controller: State-owned Assets Supervision and Administration Commission of Shandong Province (SASAC of Shandong Province)

2. Diagram of equity and relationship of control between the Company and the actual controller:

SASAC of Shandong Province

↓ Direct and indirect shareholding: 90%

Yankuang Group

↓ Direct and indirect shareholding: 56.01%

Yanzhou Coal

3. The actual controller controlling the Company through trust or other asset management

Not applicable.

(III) Other explanations on the controlled shareholder and the actual controller

Not applicable.

V. LEGAL PERSONS AS SHAREHOLDERS WITH SHAREHOLDING OF 10% OR MORE

As at 31 December 2020, the HKSCC (Nominees) Limited holds1,895,673,203 H Shares on behalf of its several clients, representing 39.01% over the total share capital of the Company. The HKSCC (Nominees) Limited is a member of Hong Kong central clearing and settlement system, providing customers with security registration and custody business.

VI. EXPLANATION ON RESTRICTION OF SELLDOWN SHAREHOLDING

Not applicable.

VII. PRE-EMPTIVE RIGHTS

The Articles and the laws of the PRC do not contain any provision for any pre-emptive rights requiring the Company to offer new shares on a pro-rata basis to its existing Shareholders.

Chapter 08

Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(I) Changes in Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management

Unit: share(s)

Name	Title (note)	Gender	Age	Beginning Date of the Office Term	Ending Date of the Office Term	Number of Shares Held at the Beginning of the Reporting Period	Number of Shares Held at the end of this Reporting Period	Increase/ Decrease of Shareholding During the Reporting Period	Reasons for Change	Total Remuneration Before Tax Received From the Company During the Reporting Period (RMB10,000)	Whether Receive Remuneration from Connected Parties of the Company
Li Xiyong	Director, Chairman of the Board	Male	57	9 Sep 2013	19 June 2023	10,000	10,000	0	-	0	Yes
Wu Xiangqian	Director	Male	55	14 May 2014	19 June 2023	10,000	10,000	0	-	114.65	Yes
	General Manager (resigned)			6 Jan 2016	22 Apr 2020						
Liu Jian	Director	Male	52	24 May 2019	19 June 2023	0	0	0	-	99.50	No
	General Manager			22 April 2020	20 Feb 2021						
Zhao Qingchun	Director	Male	53	3 June 2016	19 June 2023	0	0	0	-	89.12	No
	Chief Financial Officer			6 Jan 2016	19 June 2023						
He Jing	Director	Male	50	19 June 2020	19 June 2023	0	0	0	-	91.97	No
	Vice General Manager			29 June 2017	20 Feb 2021						
Wang Ruolin	Employee Director	Male	53	17 June 2020	19 June 2023	0	0	0	-	105.92	No
Tian Hui	Independent Director	Male	69	19 June 2020	19 June 2023	0	0	0	-	7.50	No
Zhu Limin	Independent Director	Male	69	19 June 2020	19 June 2023	0	0	0	-	7.50	No
Cai Chang	Independent Director	Male	49	27 Nov 2017	19 June 2023	0	0	0	-	15.00	No
Poon Chiu Kwok	Independent Director	Male	58	29 June 2017	19 June 2023	0	0	0	-	15.00	No
Gu Shisheng	Supervisor	Male	56	14 May 2014	19 June 2023	10,000	12,800	2,800	additional shareholding	0	Yes
	Chairman of the Supervisors Committee			29 June 2017	19 June 2023						
Zhou Hong	Supervisor, Vice Chairman of the Supervisors Committee	Male	50	29 June 2017	19 June 2023	0	0	0	-	0	Yes
Li Shipeng	Supervisor	Male	43	19 June 2020	19 June 2023	0	0	0	-	0	Yes
Qin Yanpo	Supervisor	Male	46	19 June 2020	19 June 2023	0	0	0	-	56.76	Yes
Su Li	Employee Supervisor	Male	48	17 June 2020	19 June 2023	0	0	0	-	56.32	No
Zheng Kai	Employee Supervisor	Male	51	25 Dec 2018	19 June 2023	0	0	0	-	54.53	No
Xiao Yaomeng	Vice General Manager	Male	48	22 Apr 2020	19 June 2023	0	0	0	-	99.87	No
Gong Zhijie	Vice General Manager	Male	55	27 Dec 2018	19 June 2023	0	0	0	-	95.34	No
Zhang Chuanchang	Vice General Manager	Male	52	22 Apr 2020	19 June 2023	0	0	0	-	135.34	No

Name	Title (note)	Gender	Age	Beginning Date of the Office Term	Ending Date of the Office Term	Number of Shares Held at the Beginning of the Reporting Period	Number of Shares Held at the end of this Reporting Period	Increase/ Decrease of Shareholding During the Reporting Period	Reasons for Change	Total Remuneration Before Tax Received From the Company During the Reporting Period (RMB10,000)	Whether Receive Remuneration from Connected Parties of the Company
Wang Peng	Vice General Manager	Male	49	22 Apr 2020	19 June 2023	0	0	0	-	73.12	No
Li Wei	Vice General Manager	Male	49	30 Dec 2019	19 June 2023	0	0	0	-	71.48	No
Wang Chunyao	Chief Engineer	Male	53	22 Apr 2020	19 June 2023	0	0	0	-	117.47	No
Tian Zhaohua	Vice General Manager	Male	54	09 Dec 2020	19 June 2023	0	0	0	-	61.85	No
Jin Qingbin	Board Secretary	Male	43	29 March 2016	19 June 2023	0	0	0	-	88.88	No
Zhang Lei	Chief Investment Officer	Male	49	27 March 2020	19 June 2023	0	0	0	-	163.99	No
Li Wei	Director, Vice Chairman (resigned)	Male	54	3 June 2016	3 Sep 2020	10,000	10,000	0	-	0	Yes
Guo Dechun	Director (resigned)	Male	59	3 June 2016	19 June 2020	0	0	0	-	79.26	No
Guo Jun	Employee Director (resigned)	Male	58	3 June 2016	19 June 2020	10,000	10,000	0	-	40.18	No
Kong Xiangguo	Independent Director (resigned)	Male	65	10 March 2017	19 June 2020	0	0	0	-	7.50	No
Qi Anbang	Independent Director (resigned)	Male	69	3 June 2016	19 June 2020	0	0	0	-	7.50	No
Meng Qingjian	Supervisor (resigned)	Male	59	3 June 2016	19 June 2020	0	0	0	-	0	Yes
Zhang Ning	Supervisor (resigned)	Male	52	29 June 2017	19 June 2020	0	0	0	-	130.42	Yes
Jiang Qingquan	Employee Supervisor (resigned)	Male	57	3 June 2016	19 June 2020	10,000	10,000	0	-	66.71	No
Wang Fuqi	Chief Engineer (resigned)	Male	56	6 March 2014	22 Apr 2020	10,000	10,000	0	-	94.59	No
Zhao Honggang	Vice General Manager (resigned)	Male	55	23 Dec 2014	22 Apr 2020	10,000	10,000	0	-	95.18	No
Total	/	/	/	/	/	80,000	82,800	2,800	/	2,142.45	/

Notes:

1. Mr. Li Wei, vice chairman of the Company, and Mr. Li Wei, vice general manager, have the same name but are not the same person.

2. As at 31 December 2020, the current and resigned Directors, Supervisors and senior management together held 82,800 A Shares of the Company, representing 0.0017% of the Company's total issued share. All of the above disclosed interests represent the Company's long position in shares.

3. Mr. Gu Shisheng additionally held 2,800 A shares on 9 July 2020, and Mr. Wu Xiangqian additionally held 47,000 A shares on 22 February 2021.

(II) Work experience of Current Directors, Supervisors and Senior Management During the Reporting Period

Name	Major Work Experience
Li Xiyong	Born in October 1963, a research fellow in applied engineering technology with an EMBA degree, is the Chairman of the Company and the Chairman and the Secretary of CPC Committee of Shandong Energy Group. Mr. Li commenced his career in 1981. He was appointed as the head of Huafeng Coal Mine of Xinwen Mining Group Co., Ltd. ("Xinwen Group") in May 2001. In June 2006, he was appointed as the Vice General Manager of Xinwen Group. In May 2010, he was appointed as the Chairman and the Secretary of the Party Committee of Xinwen Group. In March 2011, he was appointed as the Vice chairman of the former Shandong Energy Group Co., Ltd. and the Chairman and the Secretary of the CPC Committee of Xinwen Group. In July 2013, he was appointed as the Director, the General Manager and the Deputy Secretary of the CPC Committee of Yankuang Group. In February 2015, he was appointed as the Chairman and Party Committee Secretary of Yankuang Group. In July 2020, he was appointed as the Chairman and the Secretary of CPC committee of Shandong Energy. In September 2013, he was appointed as the Chairman of the Company. Mr. Li graduated from Shandong University of Science and Technology and Nankai University.
Wu Xiangqian	Born in February 1966, a research fellow in applied engineering technology and a doctor of engineering, is a Director of the Company and the Chief Safety Officer of Shandong Energy. Mr. Wu joined the Company's predecessor in 1988. In 2003, he was appointed as the deputy head of Jining No.3 Coal Mine of the Company. In 2004, Mr. Wu was appointed as the Deputy Head and the Chief Engineer of Jining No.3 Coal Mine. In 2006, he was appointed as the head of Jining No.3 Coal Mine. In March 2014, he was promoted as the Chairman and the General Manager of Ordos Neng Hua Co., Ltd. and Chairman of Haosheng Coal Mining Co., Ltd. In May 2014, he was appointed as a Director of the Company. In January 2016, he was appointed as the General Manager of the Company. In July 2020, he was appointed as the Chief Safety Officer of Shandong Energy. In May 2014, he was appointed as a Director of the Company. Mr. Wu graduated from Shandong University of Science and Technology and China University of Mining and Technology.
Liu Jian	Born in February 1969, a research fellow in applied engineering technology and a master of engineering, is the Director and the General Manager and the Secretary of the CPC committee of the Company. Mr. Liu joined the Company's predecessor in 1992 and was appointed as the Vice Manager of Dongtan Coal Mine of the Company in 2009. He was appointed as the General Manager of Jining No.3 Coal Mine and the General Manager of Dongtan Coal Mine of the Company in 2014 and January 2016, respectively. In December 2016, he was appointed as the Vice General Manager of the Company. In May 2019, he was appointed as the Director of the Company. In April 2020, he was appointed as the General Manager and the Secretary of the CPC committee of the Company. Mr. Liu graduated from Shandong University of Science and Technology.

Name	Major Work Experience
Zhao Qingchun	Born in March 1968, a senior accountant with an EMBA degree, is a Director, a member of CPC committee and the CFO of the Company. Mr. Zhao joined the Company's predecessor in 1989 and was appointed as the Chief Accountant of Finance Department in 2002 and Director of the Planning and Finance Department of the Company in 2006. In March 2011, he was appointed as the Vice Chief Financial Officer and the Director of the Finance Department of the Company. In March 2014, Mr. Zhao was appointed the General Manager Assistant and the Director of the Finance Management Department of the Company. In January 2016, he was appointed as the CFO of the Company. And he was appointed as the Director of the Company in June 2016. In November 2020, he was elected as a member of the CPC committee of the Company. Mr. Zhao graduated from Nankai University.
He Jing	Born in June 1970, senior economist, is a Director and the Vice General Manager of the Company. Mr. He joined the predecessor of the Company in 1992 and served as the Vice Director of the Human Resource Department of Yankuang Group in 2013 and the Vice Director of the Operation Management Department of Yankuang Group in 2014, the Vice Director and the Director of the Materials Supply Center of the Company in 2015 and 2016 successively. In 2017, he assumed the position as the Director of the Marketing Center of the Company. He was appointed as the Vice General Manager of the Company in June 2017. In June 2020, he was appointed as the Director of the Company. He graduated from China Coal Economics Institute.
Wang Ruolin	Born in July 1967, a professor-level senior administrative officer, Bachelor of Arts, is the Employee Director, Deputy Secretary of the CPC committee and Chairman of the Labor Union of the Company. Mr. Wang joined the predecessor of the Company in 1990, and was appointed as the vice-director-level manager and the vice director of CPC Committee Publicity Department of Yankuang Group in February 2003 and January 2008 successively. In March 2014 and July 2014, he was appointed as the deputy secretary of CPC committee and the secretary of the CPC committee of Methanol Plant of Yulin Neng Hua of the Company successively. In October 2017, he assumed the position as the secretary of the CPC committee and the vice head of Dongtan Coal Mine of the Company. In March 2020, he was appointed as the Deputy Secretary of the CPC committee and the Chairman of the Labor Union of the Company. And he was appointed as the Employee Director of the Company in June 2020. Mr. Wang graduated from Qufu Normal University.

Name	Major Work Experience
Tian Hui	Born in August 1951, doctoral supervisor, professor-level senior engineer, National Engineering Survey and Design Master, he enjoys the special allowance of the State Council, and he is the Vice Director of China Coal Industry Committee of Technology ("CICT") and the Company's independent director. Mr. Tian has assumed the positions as the vice director and the vice president of former Shenyang Engineering Institute of Ministry of Coal, the vice president and the deputy party secretary of Beijing Coal Engineering Institute (Group), the President and the party secretary of China Coal International Engineering Design and Research Institute, the party secretary and the Vice Chairman of China Coal Technology & Engineering Group, and the Vice President of China National Coal Association, successively. In June 2020, he became an independent director of the Company. Mr. Tian graduated from China University of Mining and Technology.
Zhu Limin	Born in October 1951, Master of Economics, is an independent director of the Company. Mr. Zhu has assumed the positions as the vice director of the pilot department of former State Commission for Economic Restructuring ("SCER"), the director of the planning department of the former SCER, the vice general manager of the Chinese Joint-Stock Enterprise Consulting Company of the former SCER, the vice director of the Inspection Department of China Securities Regulatory Commission ("CSRC"), the deputy director-general of the Inspection Bureau of CSRC, the director of the dispatched offices work coordination department of CSRC and the director of investor education office of CSRC, the compliance director of China Securities, the chairman of the supervisory committee of China Securities. Now, Mr. Zhu serves as a Director of Focus Technology Co., Ltd., an independent director of Aerospace Information Co., Ltd., Huarun Chemical Materials Technology Inc. (a non-listed company), and Cinda Securities Co., Ltd. (a non-listed company). In June 2020, he became an Independent Director of the Company. Mr. Zhu graduated from Nankai University and Renmin University of China.
Cai Chang	Born in December 1971, professor, doctoral tutor, Doctor of Accountancy, Post-doctor of Economics, International Certified Senior Public Accountant (ICSPA), an independent Director of the Company. Mr. Cai is currently the Director of the Tax Planning and Legal Research Center of the Central University of Finance and Economics, the Director of the Tax Administration Department of School of Public Finance and Tax, and the Director of Editorial Board of the Chinese Tax and Legal Think Tank. Mr. Cai is also a council member of China Certified Tax Agents Association, an academic member of China International Taxation Research Institute, a researcher of CITIC Foundation for Reform and Development Studies, and Chair professor of Minjiang Scholarship. Mr. Cai presided over the completion of a number of national and provincial key scientific research projects and published ten famous works in the field of accounting and tax. Mr. Cai was appointed as the Independent Director of the Company in November 2017. Mr. Cai graduated from Tianjin University of Finance and Economics and the Chinese Academy of Social Sciences.

Name	Major Work Experience
Poon Chiu Kwok	Born in April 1962, a graduate of laws, a bachelor of laws and a bachelor of business, a master of international accounting, FCPA Australia, a senior member of Hong Kong Institute of Chartered Secretaries and a member of its consulting group, the audit committee, the China focus group, a senior member of the Chartered Corporate Governance Institute (formerly Institute of Chartered Secretaries and Administrators), a senior member and invited tutor of the Hong Kong Securities and Investment Association, an Independent Director of the Company. Mr. Poon currently is the executive Director, Vice president and the Company Secretary of Huabao International Holdings Limited. Mr. Poon has worked for investment banks for many years and is experienced in listed company governance, financing and management. Now he also acts as an Independent Director of companies listed in the HKEX including Sunac China Holdings Limited, SANY Heavy Equipment International Holdings Limited, AUX International Holdings Limited, Chongqing Changan Minsheng APLL Logistics Co., Ltd., Green Town Service Group Co., Ltd., Yuanda China Holdings Limited, Jinchuan Group International Resource Co. Ltd, Honghua Group Co., Ltd and etc. Mr. Poon was appointed as an Independent Director of the Company in June 2017. He graduated from University of London UK.
Gu Shisheng	Born in January 1964, a professor level senior administrative officer with a master degree, is the Vice Chairman of the Supervisory Committee of the Company and the Employee Director, a consultant of Shandong Energy. Mr. Gu joined the Company's predecessor in 1979. He served as the Deputy Party Committee Secretary of Xinglongzhuang Coal Mine of Yankuang Group in 1996 and the Party Committee Secretary of Xinglongzhuang Coal Mine of the Company in 2002. He served as the Deputy Secretary of the Discipline Inspection Commission and the Director of Supervision Department of Yankuang Group in 2003. He was appointed as the Chairman of the Labor Union of Yankuang Group in January 2014 and an Employee Director and member of the Party's standing Committee in December 2015. He served as a Supervisor of the Company in May 2014 and Vice Chairman of the Supervisory Committee of the Company in July 2015. He was appointed as the Chairman of the Supervisory Committee of the Company in June 2017. In July 2020, he was appointed as a consultant of Shandong Energy. Mr. Gu graduated from the Party School of CPC Shandong Provincial Committee.

Name	Major Work Experience
Zhou Hong	Born in May 1970, senior accountant, a professor level senior administrative officer, senior economist, A level Human Resource Professional, university graduate, bachelor of economics, is the Vice Chairman of the supervisory committee of the Company. Mr. Zhou joined the predecessor of the Company in 1994 and served as the Chief Economist, the Vice Director and the Director of the Human Resource Department of Yankuang Group in August 2006, August 2009, June 2012 successively. He was appointed as the Director of the operation management department of Yankuang Group in March 2014, the Director of the Organization Department of the Party Committee (Human Resource Department) in November 2015, the Employee Supervisor of Yankuang Group in December 2015, the General Manager Assistant of Yankuang Group in June 2016, and a member of the Party's standing committee of Yankuang Group in October 2019. He was appointed as a member of the standing committee of the CPC Shandong Energy Committee, Chief Auditor and the director of the CPC Organization Department (Human Resource Department) in July 2020. And he assumed as the Vice Chairman of the Supervisory Committee of the Company in June 2017. Mr. Zhou graduated from China Coal Economics Institute.
Li Shipeng	Born in February 1978, Senior Accountant, Master of Engineering, he is a supervisor of the Company and the director of the Finance Management Department of Shandong Energy. Mr. Li joined the Company in 2000, and was appointed as the chief accountant, the vice director and the director of Finance Management Department of Yankuang Group in November 2017 and January 2020 successively. In July 2020, he was appointed as the director of the Finance Management Department of Shandong Energy. He was appointed as a Supervisor of the Company in June 2020. Mr. Li graduated from China University of Petroleum.
Qin Yanpo	Born in February 1975, Senior Accountant, postgraduates, he is a Supervisor of the Company and the Director of the Audit and Risks Department of Shandong Energy. Mr. Qin joined the predecessor of the Company in 1996 and was appointed as the director the Finance Management Department of Ordos Neng Hua of the Company in September 2014. He was successively appointed as the Chief Financial Officer and Chief Legal Consultant in November 2016, and the Director, Chief Financial Officer and Chief Legal Consultant of Ordos Neng Hua in 2019. In July 2020, he was appointed as the director of the Audit and Risks Department of Shandong Energy. He became a supervisor of the Company in June 2020. Mr. Qin graduated from Northwest Polytechnical University.

Name	Major Work Experience
Su Li	Born in July 1972, is a professor-level senior administrative officer, a senior economist with a master degree, and currently serves as an Employee Supervisor and the secretary of the Discipline Inspection Commission of the Company. Mr. Su Li joined the Company's predecessor in 1996 and served as the vice director of the general manager's office of Yankuang Group in October 2008. He was appointed as the director of Human Resource Division of Yankuang Donghua Group in June 2012. In March 2014, he was appointed as the director of the Human Resource Department of the Company. In January 2016, Mr. Su was appointed as the assistant general manager and served as the director of Human Resource Department of the Company. He was appointed as the assistant general manager and the director of the Organization Department of the Party Committee (Human Resource Department) of the Company in June 2016, and the secretary of the Discipline Inspection Commission of the Company in March 2020, and an Employee Supervisor of the Company in June 2020. Mr. Su Li graduated from China University of Mining Technology.
Zheng Kai	Born in September 1969, a professor-level senior administrative officer with a master's degree, is an Employee Supervisor of the Company. Mr. Zheng joined the predecessor of the Company in July 1990. He was appointed as the Chairman of the Labor Union of Baodian Coal Mine of the Company in September 2009 and the Vice Manager of Baodian Coal Mine in December 2014. He served as the Deputy Party Secretary, the Secretary of Discipline Inspection Committee and the Chairman of the Labor Union of Baodian Coal Mine of the Company in August 2016. He was appointed as the Deputy Director of the Department of Party and Mass Work (the Labor Union) of the Company in October 2017 and the Director of the Department of Party and Mass Work (the Labor Union) of the Company in October 2019. He was appointed as the Employee Supervisor of the Company in December 2018. Mr. Zheng graduated from the Party School of Shandong Provincial Communist Committee.
Xiao Yaomeng	Born in March 1972, a research fellow in applied engineering technology with a master degree of engineering, is a member of Party Committee and the deputy general manager of the Company. Mr. Xiao joined the Company's predecessor in 1994 and was appointed as the director of the Safety Inspection Department of Dongtan Coal Mine of the Company in 2013, and the chairman and the general manager of Guizhou Wulunshan Coal Mining Company Limited in 2014. In 2016, he was appointed as the deputy general manager of Yankuang Guizhou Neng Hua Company Limited and chairman of Guizhou Wulunshan Coal Mining Company Limited. In July 2018, he was appointed as the manager of Jining No. 3 Coal Mine of the Company. In April 2020, he was appointed as the deputy general manager of the Company and a member of Party Committee in November 2020. Mr. Xiao graduated from China University of Mining and Technology.

Name	Major Work Experience
Gong Zhijie	Born in December 1965, a research fellow in applied engineering technology and master of engineering, serves as the Vice General Manager of the Company. Mr. Gong joined the Company's predecessor Company in 1985 and served as the Vice Manager of Xinglongzhuang Coal Mine of the Company in 2003. He served as the Manager of Xinglongzhuang Coal Mine in 2014 and the Manager of Jining No.3 Coal Mine of the Company in 2015 successively. In 2018, he assumed the position as the Chief Safety Officer of the Company. He was appointed as the Vice General Manager of the Company in December 2018. Mr. Gong graduated from the China University of Mining Technology.
Zhang Chuanchang	Born in October 1968, a research fellow in applied engineering technology and a master of engineering, is the deputy general manager of the Company. Mr. Zhang joined the Company's predecessor in 1990. He was appointed as the deputy manager of Yushuwan Coal Mine and the manager of Jinjitan Coal Mine of Shaanxi Future Energy Chemical Company Limited in 2006 and 2014, respectively. In May 2018, he was appointed as the deputy general manager of Shaanxi Future Energy Chemical Company Limited and the manager of Jinjitan Coal Mine of Shaanxi Future Energy Chemical Company Limited. In April 2020, he served as the deputy general manager of the Company, chairman and general manager of Yanzhou Coal Ordos Neng Hua Company Limited and the director and chairman of Inner Mongolia Haosheng Coal Mining Co., Ltd. Mr. Zhang graduated from Shandong University of Science and Technology.
Wang Peng	Born in June 1971, a research fellow in applied engineering technology and a master of engineering, is the deputy general manager and Chief Safety Officer of the Company. Mr. Wang joined the Company's predecessor in 1994. In 2010, Mr. Wang was appointed as the director of the Safety Inspection Department and deputy manager of Xinglongzhuang Coal Mine of the Company. In 2016, he was appointed as the manager of Xinglongzhuang Coal Mine and Dongtan Coal Mine of the Company. In 2018, he was appointed as a Director and the general manager of Yanzhou Coal Ordos Neng Hua Company Limited. In December 2019, he was appointed as the chairman and the general manager of Yanzhou Coal Ordos Neng Hua Company Limited. In April 2020, he was appointed as the deputy general manager of the Company and an executive director and party secretary of Yankuang Dong Hua Heavy Industry Company Limited of the Company. In September 2020, Mr. Wang was appointed as the deputy general manager and Chief Safety Officer of the Company. Mr. Wang graduated from Shandong University of Science and Technology.

Name	Major Work Experience
Li Wei	Born in July 1971, a research fellow in applied engineering technology and master of engineering, serves as the Vice General Manager of the Company. Mr. Li joined the Company's predecessor Company in 1990 and served as the Deputy Director of the preparatory office of Jining No.3 Power Plant in May 2004, the Vice General Manager and General Manager of Shandong Yankuang Jining No.3 Power Plant in November 2004 and January 2014 respectively. In January 2017, he was appointed as the Chairman and General Manager of Shandong Huaju Energy Co., Ltd. He was appointed as the Vice General Manager of the Company in December 2019. Mr. Li graduated from the Shandong University of Science and Technology.
Wang Chunyao	Born in May 1967, a research fellow in applied engineering technology and a master of engineering, is the chief engineer of the Company. Mr. Wang joined the Company's predecessor in 1989 and was appointed as the chief engineer and the deputy manager of Jining No. 3 Coal Mine of the Company in 2014. In 2017, he was appointed as the director of Production Technology Department (Ventilation and Prevention Department) of the Company. In August 2017, he was appointed as the manager of Baodian Coal Mine of the Company. In April 2020, he was appointed as the chief engineer of the Company. Mr. Wang graduated from China University of Mining and Technology.
Tian Zhaohua	Born in September 1966, a professor-level senior administrative officer and a postgraduate of Shandong Provincial Party School, serves as the deputy general manager of the Company. Mr. Tian joined the Company's predecessor in 1984 and was appointed as general party secretary of Coal Preparation Plant of Jining No.3 Coal Mine of the Company in June 2002 and general party secretary as well as the head of Coal Preparation Plant of Jining No.3 Coal Mine of the Company in April 2008. In December 2012, Mr. Tian served as vice party secretary, secretary of Discipline Inspection Committee as well as chairman of labor union of Xinglongzhuang Coal Mine of the Company and a member of the Party's Standing Committee and vice manager of Xinglongzhuang Coal Mine of the Company in December 2014. Mr. Tian was appointed as party secretary and vice manager of Jinjitan Coal Mine of Shaanxi Future Energy in May 2015 and Party secretary and vice head of methanol plant of Yulin Neng Hua in November 2017, director of village relocation office in September 2018, deputy chief economist and director of village relocation office in December 2019. In December 2020, Mr. Tian served as deputy general manager and director of village relocation office. Mr. Tian graduated from Shandong Provincial Party School.
Jin Qingbin	Born in November 1977, a senior accountant, a senior economist and MBA degree, serves as the Secretary to the Board of the Company. Mr. Jin joined the Company in 1998 and was appointed as the Vice Director and the Director of the Secretary Office of the Board of the Company successively. He assumed the position as the Security Representative of the Company in November 2013. In March 2016, he was appointed as the Secretary to the Board of the Company. Mr. Jin graduated from Missouri State University.

Name	Major Work Experience
Zhang Lei	Born in May 1972, international certified senior accountant, Australian certified public accountant, MBA, PhD of economics, is the chief investment officer of the Company. Mr. Zhang served as the vice president of Siemens (China) Co., Ltd. and chief financial officer of Siemens Northeast Asia Real Estate Group Co., Ltd. from September 2008 to September 2010. He served as an executive director and chief financial officer of Chinalco Mining International Co., Ltd. and vice president and chief financial officer of Chinalco Overseas Holdings Co., Ltd. from September 2010 to June 2012. From July 2012 to March 2013, he served as the business finance and acquisition general manager of Shell Far East. From March 2013 to March 2014, he served as the senior vice president and director general manager of Korean SK Greater China. Mr. Zhang joined the Company in 2014 and has served as the chief financial officer of Yancoal Australia, chief executive officer of Austar, and general manager of Yancoal International Holding Co., Ltd. successively. Mr. Zhang graduated from Guanghua School of Management of Peking University and Graduate School of Chinese Academy of social sciences.

Other explanations

Not applicable.

(III) Share Incentive Mechanism to the Directors and Senior Management during the Reporting Period

Name	Title	Number of A Share options held at the beginning of 2020	Number of new A Share options granted during the reporting period	Exercisable A Share options during reporting period	A Share options exercised during the reporting period	Exercise price of A Share options (RMB)	Number of A Share options held at the end of 2020	Market price of A Shares at the end of reporting period (RMB)
Wu Xiangqian	Director	320,000	0	0	0	7.52	320,000	10.07
Liu Jian	Director	260,000	0	0	0	7.52	260,000	10.07
Zhao Qingchun	Director	260,000	0	0	0	7.52	260,000	10.07
He Jing	Director	260,000	0	0	0	7.52	260,000	10.07
Wang Ruolin	Director	150,000	0	0	0	7.52	150,000	10.07
Xiao Yaomeng	Senior management	150,000	0	0	0	7.52	150,000	10.07
Gong Zhijie	Senior management	260,000	0	0	0	7.52	260,000	10.07
Wang Peng	Senior management	150,000	0	0	0	7.52	150,000	10.07
Li Wei	Senior management	150,000	0	0	0	7.52	150,000	10.07
Wang Chunyao	Senior management	150,000	0	0	0	7.52	150,000	10.07
Tian Zhaohua	Senior management	150,000	0	0	0	7.52	150,000	10.07
Jin Qingbin	Senior management	260,000	0	0	0	7.52	260,000	10.07
Total	/	2,520,000	0	0	0	/	2,520,000	/

II. POSITIONS OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Term of Office of Directors, Supervisors and Senior Management in Yankuang Group

Name	The shareholding company	Title	Beginning date of office term	Termination of the office term
Li Xiyong	Shandong Energy Group	Chairman, Secretary of the Party Committee	10 July 2020	–
Wu Yuxiang	Shandong Energy Group	Chief Safety Officer	10 July 2020	–
Gu Shisheng	Shandong Energy Group	Consultant	10 July 2020	–
Zhou Hong	Shandong Energy Group	Member of Party's standing committee, chief auditor and Director of the Organization Department(Human Resource Department) of the party committee	10 July 2020	–
Li Shipeng	Shandong Energy Group	Director of the Finance Management Department	10 July 2020	–
Qin Yanpo	Shandong Energy Group	Director of the Audit and Risk Department	10 July 2020	–
Explanation on their incumbency in Yankuang Group	No			

(II) Term of Office of Directors, Supervisors and Senior Management in Other Entities in Addition to Yankuang Group

Name	Name of other entities	Title	Beginning date of office term
Wu Xiangqian	Yancoal Australia Limited	Director	28 April 2017
	Yancoal International (Holding) Co., Ltd.	Director	4 January 2018
Liu Jian	Shaanxi Future Energy Chemical Co. Ltd.	Director	9 January 2017
	Yanmei Heze Neng Hua Co., Ltd	Director	15 March 2017
	Yancoal International (Holding) Co., Ltd.	Director	28 May 2018
Zhao Qingchun	Inner Mongolia Haosheng Coal Mining Co., Ltd.	Director	28 May 2018
	Shandong Duanxin Supply Chain Management Co., Ltd.	Supervisor	9 July 2015
	Shandong Zhongyin International Trade Co., Ltd	Head of the supervisory committee	9 July 2015
	Qilu Bank Co., Ltd	Director	31 December 2015
	Yankuang Group Finance Co., Ltd	Director	20 December 2017
	Shanghai CIFCO Futures	Director	6 July 2015
	Shaanxi Future Energy Chemical Co., Ltd	Chairman of the supervisory committee	19 May 2014
	Duanxin Investment Holding (Beijing) Co., Ltd	Chairman	4 September 2019
	Huadian Zouxian Power Generation Company Limited	Chairman of the supervisory committee	26 April 2016
	Duanxin Investment Holding (Shenzhen) Co., Ltd	Director and General Manager	22 March 2016
	Qingdao Duanxin Asset Management Co., Ltd	Executive Director	3 August 2016
	Yancoal Australia Limited	Director	28 April 2017
	Yancoal International (Holding) Co., Ltd.	Director	4 January 2018
	Shanghai Jujiang Asset Management Co., Ltd.	Chairman	18 December 2017
	Yanzhou Coal Yulin Neng Hua Company Limited	Director	28 May 2018
He Jing	Shandong Zhongyin International Trade Co., Ltd	Chairman	1 August 2017
	Yanzhou Coal Shanxi Neng Hua Co., Ltd	Director	1 August 2017
	Duanxin Investment Holding (Shenzhen) Co., Ltd	Chairman	23 January 2019
	Qingdao Vast Lucky International Trade Co., Ltd.	Chairman	23 January 2019
	Yanzhou Coal Co., Ltd. International Trade Branch	General Manager	25 November 2019
Tian Hui	China Energy Investment Group Co., Ltd.	Director	1 November 2017
	CISRI-GAONA	Independent director	29 September 2014
Zhu Limin	Focus Technology Co., Ltd.	Director	2 March 2020
	Aerospace Information Co., Ltd.	Independent director	4 February 2016
	CR Chemical Materials Technology Inc.	Independent director	7 April 2020
	Cinda Securities Co., Ltd.	Independent director	15 November 2016

Name	Name of other entities	Title	Beginning date of office term
Cai Chang	Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd.	Independent director	1 January 2019
	Sunshine Assets Management Co., Ltd.	Independent director	1 January 2018
Poon Chiu Kwok	Huabao International Holdings Limited	Executive Director, Vice president, company secretary	1 May 2006
	Sunac China Holdings Limited	Independent Director	8 June 2011
	Sany Heavy Equipment International Holdings Limited	Independent Director	18 December 2015
	AUX International Holdings Limited	Independent Director	15 May 2015
	Chongqing Changan Minsheng APLL Logistics Co., Ltd.	Independent Director	30 September 2011
	Green Town Service Group Co., Ltd.	Independent Director	13 June 2016
	Tonly Electronics Holdings Limited	Independent Director	12 July 2013
	Yuanda China Holdings Limited	Independent Director	12 April 2011
	Jinchuan Group International Resource Co. Ltd	Independent Director	21 March 2017
	Honghua Group Co., Ltd	Independent Director	15 June 2017
Xiao Yaomeng	Yankuang Donghua Heavy Industry Co., Ltd.	Executive director	19 September 2020
Gong Zhijie	Yantai Jinzheng Environmental Technology Co., Ltd.	Chairman	19 January 2021
Li Wei	Shandong Huaju Energy Co., Ltd.	Chairman, General Manager	18 January 2017
Jin Qingbin	Duanxin Investment Holding (Shenzhen) Co., Ltd	Director	1 August 2017
	Yancoal International (Holding) Co., Ltd	Director	4 January 2018
Zhang Lei	Yancoal International (Holding) Co., Ltd	General manager	27 March 2020
Explanations on term of office in other entities in addition to Yankuang Group	No		

III. REMUNERATION FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Approval Procedures	The remuneration for the Directors, Supervisors and senior management is proposed to the Board by the remuneration committee under the Board. Upon review and approval by the Board, any remuneration proposal for the Directors and Supervisors will be proposed to the Shareholders' general meeting for approval. The remuneration for senior management is reviewed and approved by the Board.
Calculating Basis	The Company adopts a combined annual remuneration, safety control deposit and special contribution award system as the means for assessing and incentivizing the Directors and senior management. The annual remuneration consists of annual basic salary and annual performance salary. The annual basic salary is determined according to the operational scale, profitability, operating management difficulty and employees' income of the Company, whereas annual performance salary is determined by the actual operational results of the Company. The annual basic salaries for the Directors and senior management of the Company are pre-paid on a monthly basis and the annual performance salaries are cashed after the audit assessment to be carried out in the following year.
Actual Payment of Remuneration	Please refer to the section headed *Changes in Shareholding and Remuneration* in this Chapter.
Total Remuneration received by Directors, Supervisors and Senior Management by the end of the reporting period	Please refer to the section headed *Changes in Shareholding and Remuneration* in this Chapter.

IV. ELECTION OR RESIGNATION OF DIRECTORS AND SUPERVISORS AND APPOINTMENT OR DISMISSAL OF SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Title	Changes	Causes for Change
Li Wei	Director, Vice Chairman	resigned	other work commitment
Guo Dechun	Director	resigned	term of office expiration
Guo Jun	Employee director	resigned	term of office expiration
Kong Xiangguo	Independent director	resigned	term of office expiration
Qi Anbang	Independent director	resigned	term of office expiration
Meng Qingjian	Supervisor	resigned	term of office expiration
Zhang Ning	supervisor	resigned	term of office expiration
Jiang Qingquan	Employee supervisor	resigned	term of office expiration
Wu Xiangqian	General manager	resigned	other work commitment
Zhao Honggang	Deputy general manager	resigned	other work commitment
Wang Fuqi	Chief engineer	resigned	other work commitment
He Jing	director	election	other work commitment
Wang Ruolin	Employee director	election	other work commitment
Tian Hui	Independent director	election	other work commitment
Zhu Limin	Independent director	election	other work commitment
Li Shipeng	supervisor	election	other work commitment
Qin Yanpo	supervisor	election	other work commitment
Su Li	Employee supervisor	election	other work commitment
Liu Jian	General manager	appointment	other work commitment
Xiao Yaomeng	Deputy general manager	appointment	other work commitment
Zhang Chuanchang	Deputy general manager	appointment	other work commitment
Wang Peng	Deputy general manager	appointment	other work commitment
Wang Chunyao	Chief engineer	appointment	other work commitment
Tiao Zhaohua	Deputy general manager	appointment	other work commitment
Zhang Lei	Chief Investment Officer	appointment	other work commitment

(I) Changes of Directors

As considered and approved at the 2019 annual general meeting of the Company held on 19 June 2020, Mr. Li Xiyong, Mr. Li Wei, Mr. Wu Xiangqian, Mr. Liu Jian, Mr. Zhao Qingchun, Mr. He Jing, Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok were elected as non-employee representative directors of the eighth session of the Board from the conclusion of the 2019 annual general meeting till the conclusion of the general meeting where the Directors of the ninth session of the Board are elected.

As democratically-elected at the joint meeting of the workers' congress of the Company held on 17 June 2020, Mr. Wang Ruolin was appointed as an employee representative director of the eighth session of the Board of the Company with the same term office of the eighth session of the Board of the Company.

Mr. Guo Dechun, Mr. Guo Jun, Mr. Kong Xiangguo and Mr. Qi Anbang have expired their seventh term of office as directors of the Company and no longer acted as directors of the Company.

As considered and approved at the first meeting of the eighth session of the Board of the Company held on 19 June 2020, Mr. Li Xiyong was appointed as chairman of the eighth session of the Board of the Company and Mr. Li Wei as the vice chairman of the eighth session of the Board of the Company, respectively.

Due to other work commitment, Mr. Li Wei, vice chairman of the Board of the Company submitted the resignation letter to the Board on 3 September 2020.

(II) Changes of Supervisors

As considered and approved at the 2019 annual general meeting of the Company held on 19 June 2020, Mr. Gu Shisheng, Mr. Zhou Hong, Mr. Li Shipeng and Mr. Qin Yanpo were elected as non-employee representative supervisors of the eighth session of the Board from the conclusion of the 2019 annual general meeting till the conclusion of the general meeting where the supervisors of the ninth session of the Board are elected.

As democratically-elected at the joint meeting of the workers' congress of the Company held on 17 June 2020, Mr. Su Li and Mr. Zheng Kai were appointed as employee representative supervisors of the eighth session of the Board of the Company with the same term office of the eighth session of the board of supervisors of the Company.

Mr. Meng Qingjian, Mr. Zhang Ning and Mr. Jiang Qingquan have expired their seventh term of office as supervisors of the Company and no longer acted as supervisors of the Company.

As considered and approved at the first meeting of the eighth session of the Board of Supervisors of the Company held on 19 June 2020, Mr. Gu Shisheng was appointed as chairman of the eighth session of the Board of supervisors of the Company and Mr. Zhou Hong as the vice chairman of the eighth session of the Board of supervisors of the Company, respectively.

(III) Changes of Senior Management

1. *Changes during the seventh session of the Board*

As considered and approved at the thirty-second meeting of the seventh session of the Board held on 27 March 2020, Mr. Zhang Lei was appointed as the chief investment officer of the Company, whose term is the same as that of other senior managements appointed by the seventh session of the Board.

As considered and approved at the 33rd meeting of the seventh session of the Board of the Company held on 22 April 2020, Mr. Liu Jian was appointed as the general manager, Mr. Xiao Yaomeng, Mr. Zhang Chuanchang and Mr. Wang Peng served as deputy general managers, and Mr. Wang Chunyao as chief engineer, with term of office the same as the other senior management appointed by the seventh session of the Board of the Company. On the same day, due to work needs, Mr. Wu Xiangqian submitted a written resignation report to the Company and resigned as the general manager of the Company, Mr. Zhao Honggang and Mr. Wang Fuqi resigned from the posts of deputy general manager and chief engineer, respectively.

2. *Changes during the eighth session of the Board*

As considered and approved at the first meeting of the eighth session of the Board of the Company held on 19 June 2020, Mr. Liu Jian was appointed as the general manager, Mr. Xiao Yaomeng, Mr. He Jing, Mr. Gong Zhijie, Mr. Zhang Chuanchang, Mr. Wang Peng and Mr. Li Wei served as deputy general managers, Mr. Zhao Qingchun as CFO, Mr. Wang Chunyao as chief engineer, Mr. Jin Qingbin as secretary to the Board and the company secretary and Mr. Zhang Lei as chief investment officer.

As considered and approved at the seventh meeting of the eighth session of the Board of the Company held on 9 December 2020, Mr. Tian Zhaohua was appointed as the deputy general manager, whose term is the same as that of other senior managements appointed by the eighth session of the Board.

Due to work needs, Mr. Liu Jian, former general manager, and Mr. He Jing, former deputy general manager submitted written resignation reports to the Board of the Company on 20 February 2021 and resigned from the posts of general manager and deputy general manager of the Company, Mr. Xiao Yaomeng, deputy general manager of the Company, temporarily assumes the duties of general manager of the Company.

(IV) Changes in the Current Positions of the Company's Directors, Supervisors and Senior Management in the Company's Subsidiaries

(Prepared in accordance with the Hong Kong Listing Rules)

Title	Name	Before Changes	After Changes	Time of Changes
Director, General Manager	Liu Jian	Director and chairman of Yanzhou Coal Shanxi Neng Hua Co., Ltd.	–	4 April 2020
		Executive director of Yankuang Donghua Heavy Industry Co., Ltd.	–	
Supervisor	Qin Yanpo	Director, CFO and counsel general of Yanzhou Coal Ordos Neng Hua Co., Ltd.	–	4 April 2020
Deputy general manager	Xiao Yaomeng	–	Executive director and Party Secretary of Yankuang Donghua Heavy Industry Co., Ltd.	19 September 2020
Deputy General Manager	Zhang Chuanchang	–	Chairman and general manager of Yanzhou Coal Ordos Neng Hua Co., Ltd.	4 May 2020
		–	Chairman of Inner Mongolia Haosheng Company	
		Chairman and general manager of Yanzhou Coal Ordos Neng Hua Co., Ltd.	–	13 January 2021
		Chairman of Inner Mongolia Haosheng Company	–	
Deputy general manager, chief safety officer	Wang Peng	Chairman and general manager of Yanzhou Coal Ordos Neng Hua Co., Ltd.	–	4 April 2020
		Chairman of Inner Mongolia Haosheng Company	–	
		–	Executive director and party secretary of Yankuang Donghua Heavy Industry Co., Ltd.	4 April 2020
		Executive director and party secretary of Yankuang Donghua Heavy Industry Co., Ltd.	–	19 September 2020
Chief investment officer	Zhang Lei	CFO of Yancoal Australia Ltd.	–	20 March 2020
		–	General manager of Yancoal International (Holding) Co., Ltd.	10 April 2020

V. PENALTY BY SECURITY REGULATORY AUTHORITIES IN RECENT THREE YEARS

Not Applicable.

VI. EMPLOYEES OF THE GROUP AND ITS MAIN SUBSIDIARIES

(I) Employees

On-the-job Employees of the Group	37,381
On-the-job Employees of its main subsidiaries	26,488
Total on-the-job Employees	63,869
Total resigned and retired staff whose welfare fees shall be paid by the Group and its main subsidiaries	39,243

Composition by Specialty

Specialty	**Number**
Production personnel	37,650
Sales personnel	541
Technical personnel	4,142
Financial personnel	730
Administrative staff	2,998
Other supporting workers	17,808
Total	63,869

Education Level

Education Level	**Number (Persons)**
College and above	26,862
Secondary education	21,373
Junior high school and below	15,634
Total	63,869

(II) Remuneration Policy

The total wages and allowances of the staff of the Group for the year 2020 amounted to RMB5.15billion. For the details of remuneration policy for Directors, Supervisors and senior management, please refer to the section headed Remuneration Policy and Annual Remuneration for Directors, Supervisors and Senior Management in this chapter.

The Group adopts a post-performance salary system for employees other than Directors, Supervisors and senior management, which consists of post basic salary and post-performance salary. The post-performance salary is cashed upon assessment of individual post performance while putting the overall economic benefit of the Company into consideration.

(III) Training Plan

The Group values employee training in respect of technical skills and professional competence. By making full use of various educational resources, training institutes and various ways of training, the Group focused on the training of professional skills and improved the training of political ideology, management, ongoing education, skills, safety, transfer-employment talent, pre-employment and others. In 2020, it was planned that 27,348 person times would participate off-job training and 37,943 person times actually participated, representing a completion rate of 138.7%.

(IV) Labor Outsourcing

Not Applicable

VII. OTHERS

(I) Service Contracts of Directors and Supervisors

No Director or Supervisor has entered into any service contract with the Company, which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

(II) Interests of Directors, Supervisors and Senior Management in Contracts

None of the Directors, Supervisors or senior management of the Company had a direct or indirect material interest in any material contract entered into or performed by the Company, its Controlling Shareholder, any of its subsidiaries or subsidiaries of its controlling shareholder during the year ended 31 December 2020.

(III) Directors', Supervisors' and Senior Managements' Interest in Competing Business

As at 31 December 2020, none of the Directors, Supervisors or senior management has interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

Except for their working relationship, there is no financial, business, family or any other material relationship between the Directors, Supervisors and senior management of the Company.

Chapter 09

Corporate Governance

I. RELATED INFORMATION ON CORPORATE GOVERNANCE

The Company has closely monitored the securities market standards and rule of law, and actively improved its corporate governance structure. During the reporting period, the Company further improved its corporate governance structure.

Firstly, in accordance with Reply of the State Council on Adjusting the Applicability of the Provisions on the Notification Period for Holding Shareholders Meetings of Overseas Listed Companies (Guo Han [2019] No. 97) and the latest requirements of the regulatory rules for domestic and overseas listings, in conjunction with the actual operational needs of the Company, the Company amended the relevant provisions of the "Articles of Association" for convening procedures of the shareholders meeting and external guarantees, and revised the "Rules of Procedures of the General Meeting of Shareholders" in accordance with the amendments to the "Articles of Association".

Secondly, in accordance with laws and regulations, including the Company Law, Governance Code for Listed Companies by CSRC, Stock Listing Rules by Shanghai Stock Exchange, Rules for Listing of Securities by the Stock Exchange of Hong Kong Ltd., departmental rules, normative documents and Articles of Associations, in conjunction with the actual operational needs of the Company, the Company amended the relevant provisions of Work Procedures for Audit Committee, Remuneration Committee, Nomination Committee, Strategy & Development Committee, and formulated work procedures for newly-established Sustainable Development Committee.

Whether there is significant difference between the corporate governance of the Company and the requirements in relevant documents detailed by the CSRC. If any, the reason should be stated.
Not applicable.

Since the beginning of its listing, the Company, in accordance with the Company Law, Securities Law and relevant regulatory requirements at its listed places in China and aboard, following the principles of transparency, accountability and protection of the rights and interests of all Shareholders, has established a relatively regulated and robust corporate governance structure, which does not have significant difference with the requirements in relevant documents detailed by the CSRC.

II. SHAREHOLDERS' GENERAL MEETING DURING THE REPORTING PERIOD

Session and Number of Meeting	Date of Meeting	Designated Website on which Resolutions Posted	Date of Resolution Disclosed
The 2019 Annual General Meeting	19 June 2020	Website of the Shanghai Stock Exchange: (http://www.sse.com.cn)	19 June 2020
The First Class Meeting of the Holders of A shares for year 2020	19 June 2020	Website of the HKEX: (http://www.hkexnews.hk)	19 June 2020
The First Class Meeting of the Holders of H shares for year 2020	19 June 2020	Website of the Company: (http://www.yanzhoucoal.com.cn)	19 June 2020
The 2020 First Extraordinary General Meeting	30 September 2020		30 September 2020
The 2020 Second Extraordinary General Meeting	9 December 2020		9 December 2020

Note: The date of disclosure of the resolutions published is the date set out in the resolutions.

Explanations for the shareholders' general meetings

Not applicable.

III. PERFORMANCE OF DIRECTORS

(I) Director's Attendance of the Board Meeting and the General Meeting of Shareholders

		Attendance at the Board Meetings						Attendance at the General Meetings
Name of Directors	Whether Independent Director or Not	Times of Board meeting entitled to attend	Times of Presence at Person	Times of Presence via Telecomm-unication	Times of Presence by Proxy	Times of Absence	Whether Absent from Two Consecutive Meetings	Times of Presence
Li Xiyong	No	11	11	9	0	0	No	4
Wu Xiangqian	No	11	11	9	0	0	No	2
Liu Jian	No	11	11	8	0	0	No	5
Zhao Qingchun	No	11	11	8	0	0	No	5
He Jing	No	7	7	6	0	0	No	1
Wang Ruolin	No	7	7	5	0	0	No	2
Tian Hui	Yes	7	7	5	0	0	No	2
Zhu Limin	Yes	7	7	5	0	0	No	2
Cai Chang	Yes	11	11	8	0	0	No	5
Poon Chiu Kwok	Yes	11	11	8	0	0	No	5
Li Wei	No	6	6	5	0	0	No	3
Guo Dechun	No	4	4	4	0	0	No	0
Guo Jun	No	4	4	4	0	0	No	0
Kong Xiangguo	Yes	4	4	4	0	0	No	0
Qi Anbang	Yes	4	4	4	0	0	No	0

Explanations for not attending the Board meetings in person for two consecutive times

Not Applicable.

Times of Board meetings held during the reporting year	11
of which: Site meetings	3
Meetings via telecommunication	8
Site meetings combined with telecommunication	3

(II) Independent Directors' Opposing Opinions against Relevant Matters of the Company

Not Applicable.

(III) Others

Not Applicable.

IV. DISCLOSURES ON OPPOSING OPINIONS GIVEN BY THE COMMITTEES TO THE BOARD DURING THE REPORTING PERIOD, IF ANY

Not Applicable.

V. RISKS IDENTIFIED BY THE SUPERVISORY COMMITTEE OF THE COMPANY

Not Applicable.

During the reporting period, all Supervisors of the Company have, in accordance with the Company Law, the Articles and the Rules of Procedure for the Supervisory Committee, faithfully performed their duties, safeguarded the rights and interests of the Company and all its shareholders and carried out works under principle of good faith.

The Supervisory Committee of the Company had no objections to the supervisory items during the reporting period, and confirmed no risks existing in the company during the reporting period.

VI. EXPLANATION ON WHY THE COMPANY CANNOT GUARANTEE INDEPENDENCE AND SEPARATION OF ITS BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE FROM ITS CONTROLLING SHAREHOLDERS

Not Applicable.

Relevant solution, work schedule and follow-on work plan on controlling shareholders with horizontal competition

Shandong Energy Group will perform its commitment to resolving horizontal competition by taking effective measures to avoid horizontal competition within the Group.

VII. THE ESTABLISHMENT AND IMPLEMENTATION OF THE APPRAISAL AND INCENTIVISATION FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The Company has adopted a combined annual remuneration, safety control deposit and special contribution award system as the means for assessing and incentivizing the senior management, which links the assessment results of the senior management with the economic and operational achievement of the Company. In accordance with the relevant operation and management indicators and standards, the Company assesses, rewards or penalizes the senior management. for their performance and efficiency. Pursuant to the completion of the operation hurdles by the senior management and the results of the assessment, the Company would pay the remuneration to the senior management for the year 2020.

In 2019, the Company implemented A share incentive scheme, for details, please refer to relevant content in "Circumstance and Impact of the share incentive scheme, employee stock ownership plan or other incentive scheme to employees" in "Chapter 6 Significant Events".

VIII. REPORT OF SELF-EVALUATION ON INTERNAL CONTROL

In accordance with the domestic and overseas listing regulatory requirements, the Company formulated the Design and Applications on Internal Control of Yanzhou Coal in 2006, establishing an effective operating internal control system.

In 2011, in accordance with the relevant requirements under the "General Rules on Internal Control for Enterprises" and the "Supporting Guidelines of Internal Control for Enterprises" jointly issued by Ministry and other four ministries of Finance, and the regulatory requirements of places where the Company are listed, the Company, based on 18 provisions in the Supporting Guidelines of Internal Control for Enterprises and its business practice, has issued 7 new guidelines regarding internal control procedures and internal control policies applied at three levels in the Group, i.e. the Company, its subordinated departments and subsidiaries, and their businesses, covering production, inventory, taxation, legal affairs, etc., which further improved and strengthened the internal control system.

The Board and its subordinate special committees are responsible for the establishment and effective implementation of internal control system. The Supervisory Committee is responsible for supervision of the internal control system established and implemented by the Board. The management is responsible for the organization and management of the daily operation of internal control.

The Board has assessed the effectiveness of the Company's internal control system once a year since 2007. At the eleventh meeting of the eighth session of the Board held on 26 March 2021, the Board made an assessment on the effectiveness of the internal control systems of the Company for the year 2020. The Board, after assessment, believed that the internal control system of the Company is sound and has been implemented effectively and no major defect was found in the design of the internal control or its implementation.

The report of self-evaluation on internal control of the Company was posted on the Shanghai Stock Exchange website, the HKEX website and the Company's website.

The Company formulated the "Measures on Overall Risk Management" and established a risk IT management and control platform and a sound risk control mechanism. The Company, through the risk IT management and control platform, conducted overall risk management work including risk identification, assessment, response and the monitoring of key risk points within the scope of the Company and its subsidiaries each year, and issued the "Annual Risk Assessment Report" and "Annual Risk Control Report"; developed realistic risk control strategies and solutions for the identified major risks, regularly summarized the risk control and prepared a major risk control report. With the help of IT measures, through the accurate identification, assessment and quantitative analysis, scientific response and regular tracking evaluation of major risks, the closed-loop control of the whole process of major risks has been realized.

The Board is responsible for the aforementioned risk control and internal control systems and reviews the effectiveness of such systems in a timely manner. The Board further clarifies that the foregoing system is designed to manage, and not eliminate, the risk of failure to achieve business objectives, and to make reasonable, but not absolute assurances that there will be no material misstatement or loss.

In terms of processing and disclosing inside information, the Company has formulated its internal systems, such as the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Rules for Disclosure of Information, the Rules for Insiders Registration and Management, and the Rules for Material Information Internal Report, which define inside information and the scope, reporting process, registration and recording, prohibited behaviors for inside man, that strictly control the size of inside man and prevent the leakage of inside information.

Explanation of significant defects in internal control during the reporting period

Not Applicable.

IX. THE ASSESSMENT OF THE COMPANY'S INTERNAL CONTROL SYSTEM BY THE AUDITORS

The Company has appointed domestic annual auditing accountants since 2013 to make a review and assessment on whether the internal control of the Company complied with the domestic regulatory requirements and the efficiency of internal control of the financial statements.

The Company appointed ShineWing Certified Public Accountants (Special General Partnership) to make a review and assessment of the efficiency of internal control of the 2020 financial statements. Shine Wing Certified Public Accountants believed that, in accordance with the requirements of General Rules on Internal Control for Enterprises and related regulations, the Company maintained efficient internal control of financial statement in all material aspects.

The full version of the audit report of the internal control of the 2020 financial statement report issued by ShineWing Certified Public Accountants (Special General Partnership) was posted on the Shanghai Stock Exchange website, the HKEX website and the Company's website.

Whether disclose audit report of the internal control: Yes

Type of audit report of the internal control: standard clean audit opinions

X. OTHERS

Corporate Governance Report (prepared in accordance with the Hong Kong Listing Rules)

(I) Compliance with Corporate Governance Practices and Model Code

The Group has set up a relatively regulated and robust corporate governance system and has abided by the corporate governance principles of transparency, accountability and protection of the rights and interests of all Shareholders.

The Board believes that good corporate governance is important to the operation and development of the Group. The Group, has established reporting mechanism to all Directors so as to ensure Directors are all informed of its business, and believed that the regular Board meetings held are efficient communication ways for non-executive Directors to make full and open discussion on the Group's business. The Board regularly reviews corporate governance practices to ensure the Company's operation is in compliance with the laws, regulations and supervisory rules of the places where the Company is listed, and consistently endeavors to implement a high standard of corporate governance.

The corporate governance rules implemented by the Group include, but not limited to the followings: the Articles of Association, the Rules of Procedures for Shareholders' General Meeting, the Rules of Procedures for the Board of Directors, the Rules of Procedures for Supervisory Committee, the Detailed Work Policy of the General Manager, the Work Policy of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Approval and the Disclosure of Connected Transactions of the Company, the Rules for the Management of Relationships with Investors, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Rules for Monitoring and Assessment of the Implementation of the Resolutions of the Board, the Rules for Report by Directors and Supervisors Dispatched by the Company, the Rules for Management of Employees Stationed at Subsidiaries, the Standard of Conduct and Professional Ethics for Senior Employees, the Measures on the Establishment of Internal Control System and the Measures on Overall Risk Management. For the year ended 31 December 2020 and as of the disclosure date of this annual report, the corporate governance rules and practices of the Group are compliant with the principles and the code provisions set out in the Corporate Governance Code (the "Code") contained in the Hong Kong Listing Rules. The Group's corporate governance performance also meets the requirements of the Code.

The following are the major aspects of the corporate governance practice adopted by the Group that are more stringent than the Code in practice:

- To actively carry forward the development of the special committees to the Board. Besides the requirement to establish the audit committee to the Board (the "Audit Committee"), the remuneration committee to the Board (the "Remuneration Committee"), the nomination committee to the Board (the "Nomination Committee"), the strategy and development committee to the Board (the "Strategy and Development Committee") as set out in the Code, the Company also established sustainable development committee to the Board (the "Sustainable Development Committee"). All these committees were entrusted with detailed responsibilities;

- To formulate more stringent provisions in the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Standard of Conduct and Professional Ethics of the Senior Employees than those of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code");

- To establish an internal control system in accordance with the Guidance on Internal Control for Listed Companies issued by the Shanghai Stock Exchange, General Rules on Internal Control jointly issued by five ministries including the Chinese Ministry of Finance and the provisions under the Code. The standards of the internal control system are more detailed than those of the Code;

- To announce the evaluation conclusions of the Board and auditors in relation to the effectiveness of internal control of the Company for the year 2020.

(II) Securities Transactions of Directors and Supervisors

Having made inquiries with all the Directors and Supervisors, with the exception of Mr. Wu Xiangqian and his family member, a director of the Company, who bought 47,000 A shares within 60 days before the announcement of the annual results due to inadvertant mistake, all the other Directors and Supervisors have strictly complied with the Model Code and the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders as at the disclosure date of this report.

The first exercise of share option period of the Company is from 13 February 2021 to 12 February 2022. On 22 February 2021, since Mr. Wu Xiangqian was busy working that day, Mr. Wu entrusted his family member to undertake the operation of exercising share options on his behalf through the mobile application of the trading system and his family member inadvertently purchased 47,000 A shares of the Company at the market price of RMB9.98 per share during the black-out period in which all directors of the Company were prohibited from dealing of the shares of the Company. Upon knowing the mistake made by the family member, Mr. Wu notified the Company immediately and the Company initiated the investigation and notified the Stock Exchange of Hong Kong. Mr. Wu and his family member acknowledged that they did not possess any undisclosed inside information of the Company when purchasing the 47,000 A shares of the Company.

Given this, the Company decided to take the following remedial measures to prevent occurrence of similar incident in the future:

i. provide enhanced training to the Directors, supervisors and senior management of the Company in relation to the Listing Rules and relevant internal regulations of the Company and reiterate the importance of abiding by these rules;

ii. provide enhanced training to the Directors, supervisors and senior management of the Company in relation to exercise of share options under the Share Option Scheme, especially on how to correctly operate the transaction system to exercise share option;

iii. request the participants of the Share Options Scheme to operate the exercise of share options in the trading system personally without delegating to others; and

iv. continue to send proper black-out period notifications to the Directors, supervisors and senior management of the Company via various channels, including text messages, Wechat messages, emails and hardcopy notification letters, and remind them of prohibition of dealing in the shares of the Company before the beginning of the black-out period.

On 21 April 2006, the Code for Securities Transactions of the Management was approved at the fifth meeting of the third session of the Board of the Company. On 23 April 2010, the Code for Securities Transactions of the Management was amended at the fourteenth meeting of the fourth session of the Board, which is drafted based on the Model Code, but is more stringent than the Model Code after taking the domestic and overseas laws, regulations and supervision requirement in relation to securities transactions into account.

On 13 February 2018, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders was approved, and the Code for Securities Transactions of the Management was abolished at the tenth meeting of the seventh session of the Board. On 5 December 2018, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders was amended at the twentieth meeting of the seventh session of the Board, which is drafted based on the Code for Securities Transactions of the Management, standardized the behavior of Securities Held and Transacted by Insiders, added the penalty rules for violating regulatory measures, but is more comprehensive and stringent than the Code for Securities Transactions of the Management.

(III) Board of Directors and Senior Management

As at the disclosure date of this annual report, the Board comprises ten Directors including four independent non-executive Directors. The names, appointments and resignations of the Directors are set out in the section headed "Chapter 8 Directors, Supervisors, Senior Management and Employees" in this annual report.

The duties and authorities of the Board and the senior management team have been stipulated in detail in the Articles.

The Board is mainly responsible for making strategic decisions for the Company and the supervision of operations of the Company and its management team. The Board primarily has the powers to decide on operation plans and approve investment projects, to formulate the policy for financial decision and distribution of profits, to implement and review the internal control system, to execute the duty of corporate governance and to confirm the management organization and the basic management system of the Company, etc.

The management team of the Company is mainly responsible for the operation and management of the production of the Company and shall exercise the following functions and powers: to be in charge of the operation and management of the Company's production; to organize the implementation of the resolutions of the Board; to organize the implementation of the Company's annual business plan and investment program; to draft and propose the Company's management organization structure; to draft the Company's basic management rules; to protocol a package of staff's salaries, benefits, awards and penalties, and to decide the appointment and dismissal of the staff of the Company, etc.

The Company has received from each of the independent non-executive Directors an annual confirmation concerning his independence pursuant to the Hong Kong Listing Rules. The Company confirms that all of the four independent non-executive Directors comply with the qualification requirements of independent non-executive Directors as required under the Hong Kong Listing Rules.

The Directors are responsible for preparing the Company's financial accounts as a true and fair reflection of the Company's financial situation, operating results and cash flows for the relevant accounting period.

Since 2008, the Company has purchased liability insurance for the Directors, Supervisors and senior management of the Company and its subsidiaries every year.

(IV) Board Meetings and Director's Training

According to the Articles of Company and the Rules of Procedures for the Board of Directors, all Directors are entitled to propose matters to be included in the agenda for Board meetings. The Company delivered the meeting notice to the Directors fourteen days before an regular Board meeting or three days before an extraordinary Board meeting; circulated the agenda and information for discussion of the meeting to the Directors for their review five days before an regular Board meeting or three days before an extraordinary Board meeting; kept detailed minutes of the matters considered and the decisions formed by each Director in the meetings; sent the draft versions and the final versions of the minutes of Board meetings to all Directors for their comments and records respectively within a reasonable time after the Board meetings were held. Each Director is entitled to inspect the minutes of Board meetings kept by the Company at any reasonable time.

The Board and each Director has independent channels to communicate with the senior management of the Company. Any of the Directors is entitled to inspect the files and relevant documents of the Board.

The Company has set up a special institution under the Board, through which all Directors are able to access the services of the Secretary to the Board. The Board is entitled, at the Company's expense, to seek independent professional advice for its Directors in appropriate circumstances. When the Board reviews connected transactions, any connected Director would abstain from voting on such transactions.

For the year ended 31 December 2020, eleven Board meetings were held. For the Directors' attendance at the Board meetings and the Shareholders' general meetings, please refer to the section headed *Performance of Directors* in this chapter.

All the Directors were involved in the continued professional development to strengthen their knowledge and skills and make greater contributions to the Board.

The trainings of Directors during the reporting period are as follows:

Name	Training
Li Xiyong	Attended online training for chairmen and general managers of listed companies on 26 May 2020.
	Attended online training for chairmen and general managers of listed companies from 31 July 2020 to 7 September 2020.
Liu Jian	Attended online training for chairmen and general managers of listed companies from 31 July 2020 to 7 September 2020.
Wu Xiangqian, Zhao Qingchun, Wang Ruolin	Attended training for directors and supervisors of listed companies with registered places in Shandong province from 18 November 2020 to 24 November 2020.
Tian Hui, Cai Chang	Attended the 2020 second continuous training for independent directors of listed companies from 18 August to 24 August 2020.
Poon Chiu Kwok	Attended the 2020 second continuous training for independent directors of listed companies from 18 August to 24 August 2020.
	From January 2020 to December 2020, participated in several training courses in Hong Kong related to securities listing rules, company law and accounting. The total training time was not less than 60 hours.

During the reporting period, on top of invitation to its domestic and overseas legal consultants and annual audit accountants by the Company to conduct review and study on regulatory rules and accounting standards in domestic and overseas, all Directors have been circulated with papers on laws and regulations amendments, updates on regulatory requirements, training materials and Compliance Trends prepared by the Company in a timely manner, through which, they have continuously improved their working capabilities.

(V) Chairman and Chief Executive Officer

As at the end of the reporting period, Mr. Li Xiyong serves as the chairman of the Board of the Company (the "Chairman"), and Mr. Liu Jian is the general manager of the Company (the "General Manager"). The authorities and responsibilities of the Chairman and the General Manager are clearly divided. Details of such authorities and responsibilities of the Chairman and the General Manager are documented in the Articles.

In 2020, the Chairman and Independent Non-executive Directors held a meeting without the presence of other Directors.

(VI) Non-Executive Directors

Each of the non-executive Directors has entered into a service contract with the Company. Pursuant to the Articles, the term of office of the members of the Board (including the non-executive Directors) is three years. The members of the Board can be reappointed consecutively after the expiry of the term. However, the term of reappointment of independent non-executive Directors cannot exceed six years.

The duties of the non-executive Directors include, but are not limited to, the followings:

- to participate in the Board meetings of the Company, provide independent advice on matters involving strategy, policy, performance of the Company, accountability, resources, main appointments and codes of conduct;

- to play a leading and guiding role in the event of potential conflicts of interest;

- to act as members of the Audit Committee, Remuneration Committee, Nomination Committee, Strategy and Development Committee and Sustainable Development Committee;

- to scrutinize whether the performance of the Company achieves its objectives and targets, supervise and report the performance of the Company.

(VII) Performance of Committees to the Board

As approved at the first meeting of the eighth session of the Board held on 19 June 2020, the Company set up the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Development Committee and the Sustainable Development Committee of the eighth session of the Board. All the special committees to the Board formulate the terms of reference which set out the role, composition and responsibilities of each committee. During the reporting period, every committee performed its duties in compliance with the terms of reference strictly.

As the Company has not established a corporate governance committee, the Board is responsible for matters in relation to corporate governance, mainly including (1) to develop and review the Company's policies and practices on corporate governance; (2) to review and monitor the training and continuous professional development of directors and senior management; (3) to review and monitor the Company's policies and practices in relation to their compliance with legal and regulatory requirements; (4) to formulate, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (5) to review the Company's compliance with the Corporate Governance Code of the stock exchange on which the Company's securities are listed and disclosure in the Corporate Governance Report.

Audit Committee to the Board

The Audit Committee comprises four independent Directors, namely Mr. Cai Chang, Mr. Tian Hui, Mr. Zhu Limin and Mr. Poon Chiu Kwok and one Employee Director Mr. Wang Ruolin. Mr. Cai Chang serves as the head of the Audit Committee.

The Audit Committee's main responsibilities include recommending the appointment or replacement of external auditor, reviewing the accounting policy and practice, financial situation and financial reporting procedures, and reviewing financial monitor and control system, internal control system and risk management system of the Company.

During the reporting period, the Audit Committee conscientiously fulfilled the responsibilities specified in the Terms of Reference of the Audit Committee of the Company and conducted various tasks in a strict and regulated manner. The Audit Committee already reviewed the interim results of the Company for the first half of 2020 and the final results of the Company for the year 2020, and also examined the effectiveness of the risk management and the internal control system of the Group for the year 2020. The examination covered financial control, operational control, compliance control and all other material aspects under control. The Audit Committee considered that the risk management and the internal control system of the Group is effective and adequate.

During the reporting period, the Audit Committee held five meetings. Details are as follows:

Date	Main Topic	Member	Present
14 January 2020	Shine Wing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited reported to the Audit Committee of the Board on the pre-audit matters of the 2019 annual report.	Cai Chang Kong Xiangguo Poon Chiu Kwok Qi Anbang Guo Jun	Yes Yes Yes Yes Yes
20 March 2020	Discuss and deliberate the unaudited 2019 financial report	Cai Chang Kong Xiangguo Poon Chiu Kwok Qi Anbang Guo Jun	Yes Yes Yes Yes Yes
15 April 2020	Shine Wing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited reported to the Audit Committee of the Board on the audit matters of the 2019 annual report, deliberate 2019 financial statements	Cai Chang Kong Xiangguo Poon Chiu Kwok Qi Anbang Guo Jun	Yes Yes Yes Yes Yes
15 April 2020	Deliberate re-appointment of external audit firm for the year 2020 and remuneration arrangement; deliberate 2019 performance report of the Audit Committee of the Board and 2019 internal control report of the Company	Cai Chang Kong Xiangguo Poon Chiu Kwok Qi Anbang Guo Jun	Yes Yes Yes Yes Yes
20 August 2020	ShineWing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited reported to the Audit Committee of the Board on the interim audit in 2020, deliberate 2020 interim financial report.	Cai Chang Kong Xiangguo Poon Chiu Kwok Qi Anbang Guo Jun	Yes Yes Yes Yes Yes

Note: As considered and approved on the first meeting of the eighth session of the Board of the Company held on 19 June 2020, the Audit Committee comprises four independent Directors, namely Mr. Cai Chang, Mr. Tian Hui, Mr. Zhu Limin, Mr. Poon Chiu Kwok and Mr. Wang Ruolin. Mr. Cai Chang serves as the head of the Audit Committee.

On 19 March 2021, the Audit Committee convened a special meeting to hear the 2020 annual report audit conducted by ShineWing Certified Public Accountants (special partnership) and SHINEWING (HK) CPA Limited. The financial statements for 2020 was voted and the resolution was submitted to the Board of directors for review.

Remuneration Committee to the Board

The Remuneration Committee comprises 3 independent Directors, namely Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok. Mr. Zhu Limin serves as the head of the Remuneration Committee.

The Remuneration Committee's responsibilities mainly including: (1) to formulate remuneration policies for the Directors, Supervisors and senior management; (2) to assess and cash the annual remuneration for the Directors, Supervisors and senior management; (3) to review the annual performance of the Directors, Supervisors and senior management; (4) to review the disclosure on remuneration of the Company.

During the reporting period, the Remuneration Committee held one meeting. Details are as follows:

Date	Main Topic	Member	Present
14 April 2020	1. discussed and reviewed the Proposal on Remuneration for Directors and Supervisors for the year 2020;	Qi Anbang Poon Chiu Kwok Cai Chang	Yes Yes Yes
	2. discussed and reviewed the Proposal on Remuneration for Senior Management for the year 2020.		

Note: As considered and approved on the first meeting of the eighth session of the Board of the Company held on 19 June 2020, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok acted as members of the Remuneration Committee. Mr. Zhu Limin serves as the head of the Remuneration Committee.

Nomination Committee to the Board

The Nomination Committee is comprised of two independent Directors, namely Mr. Poon Chiu Kwok and Mr. Tian Hui, and Mr. Li Xiyong, the Chairman of the Company. Mr. Poon Chiu Kwok serves as the head of the Nomination Committee.

1. The main duties of the Nomination Committee are: (1) to recommend to the Board on the structure, the number of Directors and the composition of the Board according to the operation, asset scale and share structure of the Company, to realize the diversity of the Board members by considering the related factors including but not limited to gender, age, culture and education background, professional experience, skills and service year, etc., according to the Company's business model and specific needs; (2) to study and formulate the selection criteria and procedures for Directors and senior management, and make relevant recommendations; (3) to extensively identify eligible candidates for the positions of Directors and senior management of the Company, and make relevant recommendations to the Board; (4) to review the candidates for Directors and senior management, and to recommend to the Board on the proposed appointments and the succession plan of Directors and senior management and other relevant matters; (5) to assess the independence of independent non-executive Directors.

2. Summary of the company's diversity policy for board members:

The Nomination Committee consider the diversity of the board members from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and years of service. After considering the above factors, the Nominating Committee make a final recommendation to the board of directors on the merits of the candidates and their potential contribution to the company and the board.

3. The company's director nomination policy and implementation:

The employee directors are democratically elected by the staff and workers of the company through their congresses or other forms.

Candidates for non-employee representative directors are normally submitted to the shareholders' meeting by the board of directors in the form of proposals. The shareholders and the board of supervisors of the company may nominate candidates for non-employee representative directors in accordance with the Articles.

The board of directors, the board of supervisors, or the shareholders holding more than one percent of the Company's issued shares separately or in combination may propose candidates for independent directors, which should be elected and decided by the shareholders' meeting.

During the reporting period, the Nomination Committee held 4 meetings. The details are as follows:

Date	Main Topic	Member	Present
19 March 2020	1. Proposal on nominating directors of the eighth session of the Board 2. Proposal on nominating the Chief Investment Officer of the Company	Poon Chiu Kwok Li Xiyong Kong Xiangguo	Yes Yes Yes
16 April 2020	Proposal on nominating senior management including general manager and deputy general managers	Poon Chiu Kwok Li Xiyong Kong Xiangguo	Yes Yes Yes
12 June 2020	Proposal on nominating senior management including general manager and deputy general managers	Poon Chiu Kwok Li Xiyong Kong Xiangguo	Yes Yes Yes
4 December 2020	Proposal on nominating deputy general managers	Poon Chiu Kwok Li Xiyong Tian Hui	Yes Yes Yes

Note: As considered and approved at the first meeting of the eighth session of the Board of the Company held on 19 June 2020, the Remuneration Committee comprises 3 members, namely Mr. Poon Chiu Kwok, Mr. Li Xiyong and Mr. Tian Hui. Mr. Poon Chiu Kwok serves as the head of the Nomination Committee.

During the reporting period, pursuant to the relevant requirements of the Articles, the Nomination Committee reviewed the structure, the number of Directors and the composition of the Board (including professional skills, knowledge and experience) according to the operation, asset scale and share structure of the Company, and considered that the structure, composition and Directors numbers of the current session of the Board were suitable to and consistent with the Company's development strategy; and the independence of the independent non-executive Directors was in compliance with the regulatory requirements.

Strategy and Development Committee to the Board

The members of the Strategy and Development Committee are Director Mr. Li Xiyong, Director Mr. Liu Jian and independent Director Mr. Zhu Limin. Mr. Li Xiyong serves as the head of the Strategy and Development Committee.

The main duties and responsibilities of the Strategy and Development Committee include: (1) to conduct research and propose on the long-term development strategy and significant investment decisions of the Company; (2) to conduct research and propose on the annual strategic development plan and operational plan of the Company; (3) to supervise the implementation of the Company's strategic plan and operational plan; (4) to conduct research and propose on other significant issues affecting the development of the Company; (5) other duties and responsibilities delegated by the Board of Directors.

During the reporting period, the Strategy and Development Committee held one meeting. The details are as follows:

Date	Main Topic	Member	Present
27 September 2020	Proposal on acquisition of related assets of Yankuang Group Co., Ltd. and related transactions	Li Xiyong	Yes
		Liu Jian	Yes
		Zhu Limin	Yes

Note: As considered and approved at the first meeting of the eighth session of the Board of the Company held on 19 June 2020, the Strategy and Development Committee comprises 3 members, namely Mr. Li Xiyong, Mr. Liu Jian and Mr. Zhu Limin. Mr. Li Xiyong serves as the head of the Strategy and Development Committee.

Sustainable Development Committee to the Board

The members of the Sustainable Development Committee are Director Mr. Liu Jian and independent Directors Mr. Tian Hui and Mr. Zhu Limin. Mr. Liu Jian serves as the head of the Sustainable Development Committee.

The main duties and responsibilities of the Sustainable Development Committee include: (1) to review policies and strategies on corporate governance, environmental and social responsibilities to ensure they are in compliance with laws, rules and regulations; (2) to assess and analyze risks and opportunities in relation to corporate governance, environmental and social responsibilities, and propose suggestions to the Board; (3) to make investigations on management of corporate governance, environmental and social responsibilities and internal monitoring system, and offer proposals on its appropriation and effectiveness to the Board; (4) to review and supervise the object and implementation of corporate governance, environmental and social responsibilities of the Company, and evaluate the performance and make recommendations to the Board; (5) to review the Company's Social Responsibility Report disclosed to the outside, and make recommendations to the Board; (6) to guide the formulation of corporate governance, environmental and social responsibilities management vision, goals and strategies of the Company, and to make recommendations to the board; (7) other duties assigned by the Board.

(VIII) Auditors' Remuneration

The details are set out in the section headed "Appointment and Dismissal of Auditors" of "Chapter 6 Significant Events" in this annual report.

(IX) Company Secretary

As considered and approved by the first meeting of the eighth session of the Board held on 19 June 2020, Mr. Jin Qingbin was appointed as the Secretary to the Board and the Company secretary, and Ms. Leung Wing Han Sharon was appointed as the co-secretary to the Company.

Mr. Jin Qingbin has worked on public company's governance and investor relations management for a long time. He is a senior accountant and senior economist with bachelor's degree of economics and master degree of business administration. He is competent to the company secretary in the aspects of academics, professional qualification and work experience. Meanwhile, Mr. Jin is a member of the senior management who can well know daily operation so as to ensure the effective communication between the Directors and other senior management and help the Board to strengthen corporate governance mechanism construction.

During the Reporting Period, Mr. Jin participated in the relevant trainings organized by domestic and overseas regulatory authorities such as the CSRC, the Shanghai Stock Exchange and the Hong Kong Institute of Chartered Secretaries for more than 15 hours in total.

The duties and responsibilities of the company secretary are set out in detail in the Articles.

(X) Shareholder's Right

The procedures for Shareholders' proposal to convene a general meeting of Shareholders, for submitting inquiries to the Board and for submitting proposals at general meetings have been set out in details in the Articles.

After providing enough contact details, the qualified Shareholders can propose to convene an extraordinary general meeting by the following ways: (1) Shareholders are entitled to propose to the Board to convene an extraordinary general meeting in writing and state the motions of the meeting. Within the prescribed period, the Board shall provide its written decision to the Shareholders; (2) If the Board decides against convening the proposed extraordinary general meeting, the shareholders are entitled to propose to convene the extraordinary general meeting to the Supervisory Committee in writing; (3) If the Supervisory Committee fails to issue a notice of general meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and hold the meeting. Shareholders may convene and hold the extraordinary general meeting on their own. All reasonable expenses incurred for such extraordinary general meeting convened by Shareholders as a result of the failure of the Board and the Supervisory committee to convene an extraordinary general meeting as required by the above request(s) shall be borne by the Company. The Board and the secretary of the Company should cooperate in organizing and convening the Shareholders' extraordinary general meeting and the relevant matters.

After submitting relevant proof of identities and enough contact details, the Shareholders are entitled to inquire the Board for the inspection of the register of Shareholders, personal information of Directors, Supervisors and senior management, minutes of Shareholders' general meetings, resolutions of the meetings of the Board, resolutions of the meetings of the Supervisory Committee, financial and accounting reports and the copies of the Company's debentures.

The qualified Shareholder(s) may propose special resolutions in writing to the convener 10 days before the Shareholders' general meeting is convened. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal to announce the content of the proposal. All Directors, Supervisors and senior management should attend the meeting. Except where trade secrets of the Company are involved, the Board, the Supervisors and the senior management should make an explanation or statement regarding the Shareholders' queries and suggestions.

(XI) Investor Relations

1. Continuously optimizing the Rules for the Management of Relationships with Investors

Pursuant to the laws and supervisory regulations of both the domestic and overseas markets where the Company's shares are traded, and based on day-to-day business practices, the Company has developed and enhanced the Rules for the Management of Relationship with Investors and the Rules for Disclosure of Information etc. to regulate the management of investor relations by effective information collection, compilation, examination, disclosure and feedback control procedures.

The Company amends and perfects the Articles and other documents from time to time. The details of the amendments are set out in the section headed "Related Information on Corporate Governance" under this Chapter.

2. Actively communicating with the investors

The Company always communicates with investors sincerely, adhering to the principles of transparency, equity and justice.

During the reporting period, the Company reported to investors on its business operations and collected opinions and recommendations on the Company from investors and capital market through face-to-face meetings at international and domestic road-shows. In order to facilitate its bidirectional communications with the capital market, the Company has actively participated in investment strategy meetings organized by brokers at home and abroad, invited investors for Company site visits and also made full use of the "SSE e-interactive platform", hotlines, faxes and e-mails. The Company has had over 900 contacts with analysts, fund managers and investors.

The Company emphasizes greatly on communications with Shareholders through Shareholders' general meetings, and encourages the minority Shareholders to participate in Shareholders' general meetings by various means such as Internet voting. The chairman and vice chairman of the Board, the general manager, the chairman and the vice chairman of the Supervisory Committee, and the relevant Directors, Supervisors and senior management should attend the Shareholders' general meeting. At the Shareholders' meeting, each proposal is submitted separately and all the proposals are voted by poll.

(XII) Information Disclosure

The Company emphasizes on the truthfulness, timeliness, fairness, accuracy and completeness of information disclosure and has ensured the disclosed information simple, clear, easy to understand, and complies with the Hong Kong Listing Rules. The Company has set up standardized and effective information collection, compilation, examination, disclosure and feedback control procedures to ensure that the disclosure of information is in compliance with the regulatory requirements of places where the Company's shares are listed, and also to give investors reasonable access to the Company's information.

The Chief Financial Officer of the Company shall ensure the financial report and related information disclosed are a true, accurate, fair and complete reflection of the Company's business operations and financial status, applying the applicable accounting standards and relevant rules and regulations. The Company, through its website, realizing simultaneous disclosure of the Company's extraordinary announcements, periodic reports on the websites of the stock exchanges and the statutory media, provides investors with up-to-date information of the Company, the improved status of the corporate governance system and the industrial information.

Due to the Company's multiple stock listings domestically and internationally, the Company consistently adheres to the principle of simultaneous and fair disclosure to enable domestic and foreign investors get timely and fair information on business conditions of the Company.

(XIII) Risk Management and Internal Supervision and Control

The details are set out in the section headed "Report of Self-evaluation on Internal Control" in this chapter.

(XIV) Directors' Acknowledgment of Their Responsibilities in the Preparation of the Company's Accounts

All Directors acknowledge their responsibilities for preparing the accounts for the year ended 31 December 2020 as a true and fair reflection of the Company's financial situation, operating results and cash flows.

Chapter 10
Corporate Bonds

(The financial date listed in this Chapter are calculated on CASs basis.)

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: RMB100 million

Name	Abbreviation	Code	Issue date	Maturity date	Balance	Interest rate	Way to repay capital and interest	Trade place
2012 Corporate Bond of Yanzhou Coal (first tranche)	12YanzhouCoal02	122168	2012/7/23	2022/7/23	40	4.95%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange
2012 Corporate Bond of Yanzhou Coal (second tranche)	12YanzhouCoal04	122272	2014/3/3	2024/3/3	30.5	6.15%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange
2018 Renewable Corporate Bond of Yanzhou Coal (first tranche)[1]	18 YanzhouCoalY1	143959	2018/3/23	2021/3/23	50	6.00%	If the Company does not exercise deferred payment of interest, the interest will be paid once a year.	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 Yanzhou Coal01	163234	2020/3/10	2023/3/12	3	2.99%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (first tranche)	20YanzhouCoal02	163235	2020/3/10	2025/3/12	27	3.43%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 YanzhouCoal 03	163236	2020/3/10	2030/3/12	20	4.29%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (second tranche)②	20 Yanzhou Coal04	175274	2020/10/21	2035/10/23	35	3.89%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (second tranche)③	20 YanzhouCoal05	175275	2020/10/21	2030/10/23	15	4.27%	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange

Note:

1. For 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

2. 2020 Corporate Bond of Yanzhou Coal (second tranche) (type 1) is a 15-year-fixed interest rate bond and every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to adjust the coupon rate for the later maturity of the current bond and the investors have the right to sell the bond back to the company at the end of each term.

3. 2020 Corporate Bond of Yanzhou Coal (second tranche) (type 2) is a 10-year-fixed interest rate bond. At the end of the fifth interest-bearing year, the Company has the right to choose to adjust the coupon rate for the later maturity of the current bond and the investors have the right to sell the bond back to the company at the end of each term.

Principal and interest payment of corporate bonds

During the reporting period, the Company paid the interest of the relevant bonds on schedule without the default.

Other explanation of corporate bond issues

Not applicable.

II. CONTACT INFORMATION OF CORPORATE BOND TRUSTEE AND CREDIT RATING AGENCY

Bond trustee	Name	BOC International China Limited ("BOC International")
	Office address	7/F, No.110 Xidan North Avenue, Xicheng District, Beijing, PRC
	Contact person	He Yinhui
	Contact number	021-20328000
Bond trustee	Name	Ping An Securities Co., Ltd. ("Ping An Securities")
	Office address	Floor16-20, Rongchao Building No.4036 Jintian Road, Futian District, Shenzhen, PRC
	Contact person	Zhou Ziyuan
	Contact number	010-66299579
Bond trustee	Name	Haitong Securities Co., Ltd. ("Haitong Securities")
	Office address	689 Guangdong Road, Shanghai, PRC
	Contact person	Du Xiaohui, Geng Yun
	Contact number	010-88207267
Credit rating agency	Name	Dagong Global Credit Rating Co., Ltd. ("Dagong Global")
	Office address	29/F, A Tower, Eagle Run Plaza, No.26 Xiaoyun Road, Chaoyang District, Bejing
Credit rating agency	Name	China Chengxin Securities Rating Co., Ltd. ("China Chengxin")
	Office address	21/F, An Ji Plaza, No.760 Xizang South Road, Shanghai, China
Credit rating agency	Name	Golden Credit Rating International Co., Ltd. ("Golden Credit Rating")
	Office address	11-12/F, south of 1st Building, 3 Chaowaixi Street, Chaoyang District, Beijing

Other explanations

The bond trustee for the 2012 corporate bond of Yanzhou Coal (first tranche) and the 2012 corporate bond of Yanzhou Coal (second tranche) are BOC International, and the credit rating agency is Dagong Global.

The bond trustee for the 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche) is Ping An Securities, and the credit rating agency is China Chengxin.

The bond trustee for the 2020 corporate bond of Yanzhou Coal (first tranche) is Haitong Securities and the credit rating agency is Golden Credit Rating.

The bond trustee for the 2020 corporate bond of Yanzhou Coal (second tranche) is Haitong Securities and the credit rating agency is Golden Credit Rating.

III. USE OF PROCEEDS FROM CORPORATE BONDS

The proceeds raised by the issuance of bonds of 12 Yanzhou Coal 02 and 12 Yanzhou Coal 04 are RMB4 billion and RMB3.05 billion, respectively, with RMB7.05 billion (before deducting issuing expenses) funds raised in total. The whole proceeds were used to replenish working capital. The utilization and use plan keep consistent with the commitment in the prospectus. The bond balance of 12 Yanzhou Coal 02 and 12 Yanzhou Coal 04 were RMB4 billion and RMB3.05 billion, respectively.

The proceeds raised by the issuance of bonds of 18 Yanzhou Coal Y1 is RMB5 billion with RMB5 billion (before deducting issuing expenses) funds raised in total. The whole proceeds were used to repay the due debt and replenish working capital. The utilization and use plan keep consistent with the prospectus. The bond balance of 18 Yanzhou Coal Y1 was RMB5 billion.

The proceeds raised by the issuance of bonds of 20 Yanzhou Coal 01, 20 Yanzhou Coal 02 and 20 Yanzhou Coal 03 are RMB300 million, RMB2.7 billion and RMB2 billion, respectively, with RMB5 billion (before deducting issuing expenses) funds raised in total. The whole proceeds were used to repay the interest-bearing debts and replenish working capital. The utilization and use plan keep consistent with the prospectus. The bonds balance of 20 Yanzhou Coal 01, 20 Yanzhou Coal 02 and 20 Yanzhou Coal 03 are RMB300 million, RMB2.7 billion and RMB2 billion, respectively.

The proceeds raised by the issuance of bonds of 20 Yanzhou Coal 04 and 20 Yanzhou Coal 05 are RMB3.5 billion and RMB1.5 billion, respectively, with RMB5 billion (before deducting issuing expenses) funds raised in total. The whole proceeds were used to repay the interest-bearing debts and replenish working capital. The utilization and use plan keep consistent with the prospectus. The bonds balance of 20 Yanzhou Coal 04 and 20 Yanzhou Coal 05 are RMB3.5 billion and RMB1.5 billion, respectively.

IV. INFORMATION OF CREDIT RATING OF CORPORATE BOND

1. On 21 May 2020, the track ratings made by Dagong Global based on the conditions of the Company were as follows: the long-term credit rating to the Company remains AAA and the rating is expected to remain stable; the credit ratings to 12 Yanzhou Coal 02 and 12 Yanzhou Coal 04 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 22 May 2020. The credit ratings without any change, which indicates that the risk of bonds unable to repay at maturity is very small.

2. On 18 June 2020, the track ratings made by China Chengxin according to the Company's conditions were as follows: for 2017 Renewable Corporate Bond of Yanzhou Coal (first tranche) and 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche), the main credit rating to the Company remains AAA and the rating is expected to remain stable; the credit ratings to 17 Yanzhou Coal Y1 and 18 Yanzhou Coal Y1 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 22 June 2020. The credit ratings without any change, which indicates that the risk of bonds unable to repay at maturity is very small.

3. On 16 June 2020, the track ratings made by Golden Credit Rating based on the conditions of the Company were as follows: for 2020 corporate bond (first tranche) of Yanzhou Coal, the main credit rating to the Company remains AAA and the rating is expected to remain stable; the credit ratings to 20 Yanzhou Coal 01, 20 Yanzhou Coal 02 and 20 Yanzhou Coal 03 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 22 June 2020. The credit ratings remain unchanged, which indicates that the risk of bonds unable to repay at maturity is very small.

4. On 19 October 2020, the track ratings made by Golden Credit Rating based on the conditions of the Company were as follows: for 2020 corporate bond (second tranche) of Yanzhou Coal, the main credit rating to the Company remains AAA and the rating is expected to remain stable; the credit ratings to 20 Yanzhou Coal 04 and 20 Yanzhou Coal 05 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 19 October 2020. The credit ratings remain unchanged, which indicates that the risk of bonds unable to repay at maturity is very small.

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT SCHEME AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING THE REPORTING PERIOD

During the reporting period, credit enhancement mechanism, debt payment scheme and other debt payment supporting measures have not changed.

1. Guarantee

On 2 January 2012, the board of directors of Yankuang Group approved that, Yankuang Group, would provide an irrevocable, unconditional and joint liability guarantee for the full amount of 2012 corporate bond (first tranche) and 2012 corporate bond (second tranche) of Yanzhou Coal.

Key financial data and indicators of Yankuang Group (including: unaudited financial data as at 31 December 2020) are as follows:

Unit: RMB 10 thousand

	31 December 2020 ②	31 December 2019
Net assets	**22,622,804**	10,073,479
Liability to asset ratio	**66.98%**	68.38%
Return rate on net assets	**5.14%**	9.35%
Current ratio	**0.91**	1.06
Liquidity ratio	**0.64**	0.77
Credit status of guarantor	**AAA**	AAA
Accumulative balance of external guarantee ①	**0**	28,900
Accumulative balance of external guarantee to net assets ratio	**0**	0.29%

Note: ① The "Accumulative balance of external guarantee" in the above table does not include the guarantee amount of Yankuang Group to the holding subsidiary.

② The strategic reorganization between Yankuang Group and former Shandong Energy completed delivery on 30 November 2020 and major financial data and financial indicators of Yankuang Group on 31 December 2020 have consolidated that of former Shandong Energy Group.

③ As of the end of this reporting period, the other main assets owned by Yankuang Group other than the equity of Yanzhou Coal are: (1)100% equity of Xinwen Mining Group Co., Ltd; (2)100% equity of Shandong Energy Group Shenglu Neng Hua Co., Ltd; (3) 100% equity of Zaozhuang Mining (Group) Co., Ltd; (4) 100% equity of Zibo Mining Group Co., Ltd; (5)100% equity of Yankuang Xinjiang Neng Hua Co., Ltd; (6) 100% equity of Longkou Mining Group Co., Ltd.

2. Debt repayment scheme

The value date of 12 Yanzhou Coal 02 is on 23 July 2012. Bond interest will be paid once a year within the duration from the value date. The payment date of 12 Yanzhou Coal 02 for the previous interest year from 2013 to 2022 is on 23 July (in case of statutory holidays or rest days, it is postponed to the first trading day). The maturity date of 12 Yanzhou Coal 02 is on 23 July 2022. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 12 Yanzhou Coal 04 is on 3 March 2014. Bond interest will be paid once a year within the duration from the value date. The payment date of 12 Yanzhou Coal 04 for the previous interest year from 2015 to 2024 is on 3 March (in case of statutory holidays or rest days, it is postponed to the first trading day). The maturity date of 12 Yanzhou Coal 04 is on 3 March 2024. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 18 Yanzhou Coal Y1 is on 26 March 2018. If the Company does not exercise the right of deferred payment of interest, the bond interest will be paid once a year for the duration of the bond, and on 26 March of each year during the duration (in case of statutory holidays or rest days, it is postponed to the first trading day) is the interest payment date of the previous interest-bearing year; if the Company chooses to extend the term of the bond during the renewal option exercise year, the term of 18 Yanzhou Coal Y1 will be extended for one cycle from the interest payment date of the year, if the Company chooses to pay the bond in full during the renewal option exercise year, the interest payment date of the interest-bearing year will be the date on which 18 Yanzhou Coal Y1 is redeemed.

The value date of 20 Yanzhou Coal 01 is on 12 March 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 01 for the previous interest year from 2020 to 2023 is on 12 March (in case of statutory holidays or rest days, it is postponed to the first trading day). The maturity date of 20 Yanzhou Coal 01 is on 12 March 2023. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 20 Yanzhou Coal 02 is on 12 March 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 02 for the previous interest year from 2020 to 2025 is on 12 March (in case of statutory holidays or rest days, it is postponed to the first trading day). The maturity date of 20 Yanzhou Coal 02 is on 12 March 2025. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 20 Yanzhou Coal 03 is on 12 March 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 03 for the previous interest year from 2020 to 2030 is on 12 March (in case of statutory holidays or rest days, it is postponed to the first trading day). The maturity date of 20 Yanzhou Coal 03 is on 12 March 2030. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 20 Yanzhou Coal 04 is on 23 October 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 04 for the previous interest year from 2020 to 2023 is on 23 October (in case of statutory holidays or rest days, it is postponed to the first trading day). If the investor does not sell the bonds back at the end of each interest-bearing year, the deadline of 20 Yanzhou Coal 04 bond will be extended one cycle from interest payment date to year 2035. If the investor sells the bonds back in full at the end of each interest-bearing year, the maturity of 20 Yanzhou Coal 04 bond is the interest payment date of the interest-bearing period, which is 23 October. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 20 Yanzhou Coal 05 is on 23 October 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 05 for the previous interest year from 2020 to 2025 is on 23 October of each calendar year (in case of statutory holidays or rest days, it is postponed to the first trading day). If the investor does not sell the bonds back at the end of the fifth interest-bearing year, the deadline of 20 Yanzhou Coal 05 bond will extend 5 years from annual interest payment date and the maturity date will be the 10th couple year and the principle as well as the interest for the final tranche should be paid on the maturity date. If the investor sells the bonds back in full at the end of the fifth interest-bearing year, the maturity of 20 Yanzhou Coal 05 bond will be the coupon payment date of the 5th interest-bearing year. The principal and the interest for the final tranche should be paid on the maturity date.

The payment of principal and interest for 12 Yanzhou Coal 02, 12 Yanzhou Coal 04, 18 Yanzhou Coal Y1, 20 Yanzhou Coal 01, 20 Yanzhou Coal 02, 20 Yanzhou Coal 03, 20 Yanzhou Coal 04 and 20 Yanzhou Coal 05 will be conducted by bond registration and depository institution and relevant organizations. The payment details will be explained in the announcement issued through the media designated by the Company in CSRC according to relevant requirements.

3. Debt repayment supporting plan

During the reporting period, the plans and measures for debt repayment supporting were consistent with the prospectus, including:

(1) to establish specialized team for debt payment;

(2) to ensure that the fixed fund is used for its specified purpose only;

(3) to give full play to the role of bond trustee;

(4) to formulate the rules for bond holders meeting;

(5) to disclose the information strictly;

(6) in case that the Company cannot pay back the principal and interests of this bond in time, the Company undertakes to take the following measures to effectively protect the interest of bondholders: ① do not distribute profits to shareholders; ② postpone the implementation of significant external investment, merger and acquisition and other capital expenditure projects; ③ reduce or suspend the salaries and bonuses for directors and senior management; ④ main responsibility person cannot be transferred.

4. Special account for debt payment

The Company didn't set up the special account for debt repayment.

VI. BONDHOLDERS' MEETING

During the reporting period, there was no bondholders' meeting.

VII. PERFORMANCE OF DUTIES BY BOND TRUSTEE

1. The Company and BOC International entered into the Agreement on Bond Entrusted Management in January 2012, according to which, BOC International was appointed as the trustee of the 2012 Corporate Bond (first tranche) and 2012 Corporate Bond (second tranche) issued by the Company. During the reporting period, report on entrusted management businesses for year 2019 has been disclosed by BOC International and posted on the website of the Shanghai Stock Exchange.

2. The Company and Ping An Securities entered into the Agreement on Bond Entrusted Management in August 2017, according to which, Ping An Securities was appointed as the trustee of the 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche). During the reporting period, report on entrusted management businesses for year 2019 has been disclosed by Ping An Securities and posted on the website of the Shanghai Stock Exchange.

3. The Company and Haitong Securities entered into the Agreement on Bond Entrusted Management in June 2019, according to which, Haitong Securities was appointed as the trustee of the 2020 Corporate Bond of Yanzhou Coal (first tranche). During the reporting period, report on temporary entrusted management businesses for year 2020 have been disclosed by Haitong Securities and posted on the website of the Shanghai Stock Exchange.

4. The Company and Haitong Securities entered into the Agreement on Bond Entrusted Management in June 2019, according to which, Haitong Securities was appointed as the trustee of the 2020 Corporate Bond of Yanzhou Coal (second tranche). During the reporting period, report on temporary entrusted management businesses for year 2020 have been disclosed by Haitong Securities and posted on the website of the Shanghai Stock Exchange.

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE TWO YEARS PRECEDING THE END OF THE REPORTING PERIOD

Unit: RMB10 thousand

Main Indicators	2020	2019	Increase/Decrease for the period compared with that of the same period of previous year (%)
EBITDA	**2,211,213**	2,992,359	-26.10
Current ratio	**0.57**	0.88	-35.23
Liquidity ratio	**0.46**	0.73	-36.99
Liability to asset ratio (%)	**69.19**	58.52	Increased 10.67 percentage points
Total debt to EBITDA ratio	**4.83**	2.18	121.56
Interest cover ratio	**4.44**	5.37	-17.32
Cash interest cover ratio	**8.26**	8.24	0.24
EBITDA interest cover ratio	**8.23**	8.00	2.88
Loan repayment rate (%)	**100**	100	0
Interest coverage (%)	**100**	100	0

IX. PRINCIPAL AND INTEREST PAYMENT OF OTHER BONDS AND FINANCING INSTRUMENTS OF THE GROUP

The Company, as arranged, have repaid the principals and interests for the 10-year-term USD bonds issued in 2012, USD perpetual bonds issued in 2017, 3-year-term USD bonds issued in 2018, 3-year-term USD bonds issued in 2020, medium term notes issued in 2018 and 3 tranches of super-short-term bonds in 2021, and no default occurred.

X. BANK CREDIT STATUS OF THE GROUP DURING THE REPORTING PERIOD

As at 31 December 2020, the total bank credit facility of the Group was RMB169.381 billion, of which, RMB76.366 billion has been used, RMB93.15 billion remained unused. In 2020, the Group repaid the principal and interest of bank loan amounting to RMB41.183 billion on schedule.

XI. PERFORMANCE OF THE RELEVANT AGREEMENT OR COMMITMENT IN BOND PROSPECTUS DURING THE REPORTING PERIOD

The Company strictly performed the relevant agreement and fulfilled the commitment of prospectus without any default. There was no matter occurred that may affect the safety of investor's funds.

XII. EFFECT ON OPERATIONS AND DEBT PAYING ABILITY OF THE COMPANY BY SIGNIFICANT EVENTS

For the information on significant events and latest progress of the Company, please refer to the section headed "Chapter 6 Significant Events" in this annual report.

Due to the stable operation and the smooth financing channels of the Company, the abovementioned significant events did not have a great impact on the Company's operating conditions and solvency.

Chapter 11

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF YANZHOU COAL MINING COMPANY LIMITED
(A joint stock company with limited liability established in the People's Republic of China)

OPINION

We have audited the consolidated financial statements of Yanzhou Coal Mining Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 182 to 333, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

IMPAIRMENT OF INTANGIBLE ASSETS

Refer to note 22 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We have identified the impairment of intangible assets as a key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of intangible assets is a judgemental process which requires estimates concerning the forecast future cash flows associated with the assets in determining the recoverable amount. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and inputs to the valuation model may result in significant financial impact.	Our procedures were designed to evaluate the management's impairment assessment process and to challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with market and other externally available information and sensitivity analysis. We have also considered the overall reasonableness of these forecasts. Besides, we have also challenged the management's assessment on the appropriateness of the useful lives and the amortisation rates used, and considered the potential impact of reasonably possible downside changes in these key assumptions.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Refer to note 23 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We have identified the impairment of property, plant and equipment as a key audit matter because of its significance to the consolidated financial statements of the Group and the Group's assessment of impairment of property, plant and equipment is a judgemental process which requires estimates concerning the forecast future cash flows associated with the assets in determining the recoverable amount. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.	Our procedures were designed to evaluate management's impairment assessment process and to challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with market and other externally available information and sensitivity analysis. We have also considered the overall reasonableness of these forecasts. Besides, we have also challenged the management's assessment on the appropriateness of the useful lines and the depreciation rates used, and considered the potential impact of reasonably possible downside changes in these key assumptions.

IMPAIRMENT ASSESSMENT ON GOODWILL

Refer to note 25 to the consolidated financial statements.

The key audit matter

We have identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of goodwill is a judgemental process which requires estimates concerning forecast future cash flows expected to arise from cash-generating unit and an appropriate discount rate in order to derive the value in use.

The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to evaluate management's impairment assessment process and challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with other externally available information and sensitivity analysis.

We have also considered the overall reasonableness of these forecasts.

Business combinations

Refer to note 47 to the consolidated financial statements.

The key audit matter

During the year ended 31 December 2020, the Group completed a number of business combinations. These business combinations were accounted for using acquisition accounting.

We had identified the accounting for these combinations as a key audit matter because of the significance to the consolidated financial statements, and the determination of classification of combinations, and the estimation of fair values of identifiable assets, liabilities and consideration transferred are judgemental processes which requires significant degree of judgements and estimates made by the directors of the Company.

The selection of valuation methodolgy, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to evaluate managements processes in accounting for these business combinations including the judgements and estimates adopted in determining the classification of these combinations, identifying identifiable assets and liabilities and assessing the fair values of consideration transferred, and assets and liabilities acquired.

We have also challenged the reasonableness of the methodologies adopted, key assumptions and input data used in the estimation of the fair values against available information.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

The Directors 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.

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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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 this independent auditor's report is Lau Kai Wong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623
Hong Kong
26 March 2021

Chapter 12

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Gross sales of coal	7	**65,419,830**	63,777,065
Railway transportation service income		**377,800**	382,545
Gross sales of electricity power		**650,589**	583,458
Gross sales of methanol		**2,432,992**	2,863,438
Gross sales of heat supply		**92,520**	32,859
Gross sales of equipment manufacturing		**149,289**	165,279
Total revenue		**69,123,020**	67,804,644
Transportation costs of coal	7	**(3,860,107)**	(3,763,957)
Cost of sales and services provided	8	**(48,351,397)**	(40,176,591)
Cost of electricity of power		**(544,028)**	(498,064)
Cost of methanol		**(2,058,252)**	(2,150,962)
Cost of heat supply		**(72,530)**	(20,452)
Cost of equipment manufacturing		**(144,339)**	(165,132)
Total cost of sales		**(55,030,653)**	(46,775,158)
Gross profit		**14,092,367**	21,029,486
Selling, general and administrative expenses	9	**(8,433,320)**	(8,777,402)
Share of results of associates		**1,428,519**	1,710,082
Share of results of joint ventures		**(305,733)**	(135,352)
Other income, gains and loss	10	**10,301,560**	3,911,262
Loss on reconsolidation of Watagan	47(B)	**(6,844,010)**	–
Finance costs	11	**(2,867,029)**	(2,751,234)
Profit before tax	13	**7,372,354**	14,986,842
Income tax expenses	12	**(1,815,033)**	(3,160,063)
Profit for the year		**5,557,321**	11,826,779
Attributable to:			
Equity holders of the Company		**6,318,000**	9,388,645
Owners of perpetual capital securities	43	**491,042**	580,181
Non-controlling interests			
– Perpetual capital securities	43	**56,656**	200,566
– Other		**(1,308,377)**	1,657,387
		5,557,321	11,826,779
Earnings per share, basic and diluted	16	**RMB1.29**	RMB1.91

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
Profit for the year	**5,557,321**	11,826,779
Other comprehensive (expense) income (after income tax):		
Items that will not be reclassified subsequently to profit or loss:		
Fair value change on equity investments at fair value through other comprehensive income ("FVTOCI")	**1,423**	(623)
Income tax relating to item that will not be reclassified subsequently	**(356)**	156
	1,067	(467)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Cash flow hedge amounts recognised in other comprehensive income	**1,226,908**	111,593
Reclassification adjustments for amounts transferred to income statement (included in revenue)	**609,981**	586,111
Deferred taxes	**(551,067)**	(209,311)
	1,285,822	488,393
Share of other comprehensive (expense) income of associates	**(140,352)**	184,490
Exchange difference arising on translation of foreign operations	**836,788**	439,816
Other comprehensive income (expense) for the year	**1,983,325**	1,112,232
Total comprehensive income for the year	**7,540,646**	12,939,011
Attributable to:		
Equity holders of the Company	**7,399,860**	10,180,924
Owners of perpetual capital securities	**491,042**	580,181
Non-controlling interests		
– Perpetual capital securities	**56,656**	200,566
– Other	**(406,912)**	1,977,340
	7,540,646	12,939,011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Current assets			
Bank balances and cash	17	**17,116,460**	22,789,951
Pledged term deposits	17	**1,010,256**	210,000
Restricted cash	17	**6,415,643**	4,273,655
Bills and accounts receivables	18	**7,291,455**	7,598,163
Long-term receivables-due within one year	28	**1,763,523**	1,355,851
Royalty receivable	19	**97,935**	120,538
Inventories	20	**7,113,633**	6,007,309
Prepayments and other receivables	21	**16,684,986**	20,339,819
Derivative financial instruments	39	**50,356**	36,114
		57,544,247	62,731,400
Assets classified as held for sale	33	**8,578**	217,644
		57,552,825	62,949,044
Non-current assets			
Intangible assets	22	**72,714,205**	51,958,569
Property, plant and equipment	23	**65,516,221**	44,995,450
Right-of-use assets	24	**5,365,499**	1,739,438
Investment properties	23a	**1,389,163**	–
Construction in progress	26	**20,635,959**	16,288,401
Prepayments for property, plant and equipment and intangible assets		**20,666,014**	1,860,196
Goodwill	25	**1,754,149**	1,655,090
Investments in securities	32	**444,613**	156,720
Interests in associates	27	**18,580,156**	17,115,439
Interests in joint ventures	30	**445,411**	518,956
Long-term receivables-due after one year	28	**4,720,330**	8,762,200
Royalty receivable	19	**1,009,562**	1,022,552
Deposits made on investments	29	**178,055**	117,926
Deferred tax assets	41	**2,037,096**	1,620,590
		215,456,433	147,811,527
Total assets		**273,009,258**	210,760,571

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Current liabilities			
Bills and accounts payables	34	**21,812,134**	19,116,658
Other payables and accrued expenses	35	**41,800,325**	26,798,374
Contract liabilities	35	**3,176,540**	2,717,475
Provision for land subsidence, restoration, rehabilitation and environmental costs	36	**13,129**	50,940
Amounts due to Parent Company and its subsidiaries	49	**2,111,472**	1,093,707
Borrowings – due within one year	38	**31,382,126**	16,207,455
Long term payables – due within one year	40	**3,174**	4,070
Provision	37	**61,114**	54,368
Derivative financial instruments	39	**231,971**	148,554
Lease liabilities	24	**955,963**	156,852
Tax payable		**1,028,274**	653,437
		102,576,222	67,001,890
Non-current liabilities			
Borrowings – due after one year	38	**60,880,818**	49,168,036
Deferred tax liabilities	41	**8,458,913**	3,414,196
Provision for land subsidence, restoration, rehabilitation and environmental costs	36	**3,410,120**	1,991,782
Provision	37	**1,047,780**	1,091,640
Lease liabilities	24	**1,634,000**	328,072
Long term payables – due after one year	40	**2,918,195**	2,416,350
		78,349,826	58,410,076
Total liabilities		**180,926,048**	125,411,966
Capital and reserves			
Share capital	42	**4,860,000**	4,912,016
Reserves	42	**53,034,751**	49,207,784
Equity attributable to equity holders of the Company		**57,894,751**	54,119,800
Owners of perpetual capital securities	43	**5,217,667**	10,311,611
Non-controlling interests			
– Perpetual capital securities	43	**–**	3,417,351
– Others		**28,970,792**	17,499,843
		92,083,210	85,348,605
Total liabilities and equity		**273,009,258**	210,760,571

The consolidated financial statements on pages 182 to 333 were approved and authorised for issue by the Board of Directors on 26 March 2021 and are signed on its behalf by:

Li Xiyong
Director

Zhao Qingchun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity holders of the Company											Non-controlling interests			
	Share capital RMB'000 (note 42)	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Future development fund RMB'000 (note 42)	Statutory common reserve fund RMB'000 (note 42)	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 42)	Total RMB'000	Perpetual Capital Securities issued by the Company RMB'000 (note 43)	Perpetual Capital Securities issued by a subsidiary RMB'000 (note 43)	Others RMB'000	Total RMB'000
At 1 January 2019	4,912,016	2,967,947	393,273	-	969,450	6,276,768	(6,983,697)	208,225	(1,301,987)	44,635,365	52,077,360	10,316,444	3,417,351	21,233,834	87,044,989
Profit for the year	-	-	-	-	-	-	-	-	-	9,388,645	9,388,645	580,181	200,566	1,657,387	11,826,779
Other comprehensive income for the year:															
- Fair value change of equity instruments at FVTOCI	-	-	-	-	-	-	-	(467)	-	-	(467)	-	-	-	(467)
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	276,986	-	276,986	-	-	211,407	488,393
- Share of other comprehensive income from associates	-	-	-	-	-	-	-	184,490	-	-	184,490	-	-	-	184,490
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	331,270	-	-	-	331,270	-	-	108,546	439,816
Total comprehensive income for the year	-	-	-	-	-	-	331,270	184,023	276,986	9,388,645	10,180,924	580,181	200,566	1,977,340	12,939,011
Transactions with owners															
- Issue of shares under global offering by a subsidiary	-	-	(49)	-	-	-	-	-	-	-	(49)	-	-	2,565	2,516
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(585,014)	(200,566)	-	(785,580)
- Appropriations to reserves	-	-	-	-	-	580,399	-	-	-	(580,399)	-	-	-	-	-
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,223,842)	(1,223,842)
- Dividends	-	-	-	-	-	-	-	-	-	(7,564,505)	(7,564,505)	-	-	-	(7,564,505)
- Recognition of share based payment expenses	-	-	-	32,553	-	-	-	-	-	-	32,553	-	-	(24,350)	8,203
- Transactions with non-controlling interests (note (i))	-	-	(606,483)	-	-	-	-	-	-	-	(606,483)	-	-	(4,465,704)	(5,072,187)
Total transactions with owners	-	-	(606,532)	32,553	-	580,399	-	-	-	(8,144,904)	(8,138,484)	(585,014)	(200,566)	(5,711,331)	(14,635,395)
At 31 December 2019	4,912,016	2,967,947	(213,259)	32,553	969,450	6,857,167	(6,652,427)	392,248	(1,025,001)	45,879,106	54,119,800	10,311,611	3,417,351	17,499,843	85,348,605

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2020

	Attributable to equity holders of the Company											Non-controlling interests			
	Share capital RMB'000 (note 42)	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Future development fund RMB'000 (note 42)	Statutory common reserve fund RMB'000 (note 42)	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 42)	Total RMB'000	Perpetual Capital Securities issued by the Company RMB'000 (note 43)	Perpetual Capital Securities issued by a subsidiary RMB'000 (note 43)	Others RMB'000	Total RMB'000
At 1 January 2020	4,912,016	2,967,947	(213,259)	32,553	969,450	6,857,167	(6,652,427)	392,248	(1,025,001)	45,879,106	54,119,800	10,311,611	3,417,351	17,499,843	85,348,605
Profit for the year	-	-	-	-	-	-	-	-	-	6,318,000	6,318,000	491,042	56,656	(1,308,377)	5,557,321
Other comprehensive income for the year:															
- Fair value change of equity instruments at FVTOCI	-	-	-	-	-	-	-	1,067	-	-	1,067	-	-	-	1,067
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	781,459	-	781,459	-	-	504,363	1,285,822
- Share of other comprehensive income from associates	-	-	-	-	-	-	-	(140,352)	-	-	(140,352)	-	-	-	(140,352)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	439,686	-	-	-	439,686	-	-	397,102	836,788
Total comprehensive income for the year	-	-	-	-	-	-	439,686	(139,285)	781,459	6,318,000	7,399,860	491,042	56,656	(406,912)	7,540,646
Transactions with owners															
- Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	(3,417,351)	-	(8,417,351)
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(584,986)	(56,656)	-	(641,642)
- Share repurchased	(52,016)	(232,583)	-	-	-	-	-	-	-	-	(284,599)	-	-	-	(284,599)
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	11,929,870	11,929,870
- Appropriations to reserves	-	-	-	-	-	509,907	-	-	-	(509,907)	-	-	-	-	-
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(548,214)	(548,214)
- Dividends	-	-	-	-	-	-	-	-	-	(2,818,800)	(2,818,800)	-	-	-	(2,818,800)
- Recognition of share based payment expenses	-	-	-	31,898	-	-	-	-	-	-	31,898	-	-	(7,341)	24,557
- Transactions with non-controlling interests (note i)	-	-	(553,408)	-	-	-	-	-	-	-	(553,408)	-	-	503,546	(49,862)
Total transactions with owners	(52,016)	(232,583)	(553,408)	31,898	-	509,907	-	-	-	(3,328,707)	(3,624,909)	(5,584,986)	(3,474,007)	11,877,861	(806,041)
At 31 December 2020	4,860,000	2,735,364	(766,667)	64,451	969,450	7,367,074	(6,212,741)	252,963	(243,542)	48,868,399	57,894,751	5,217,667	-	28,970,792	92,083,210

Note (i) During the year ended 31 December 2020, the non-controlling shareholders of certain non-wholly owned subsidiaries made capital injection in aggregate of approximately RMB624 million (2019: RMB2,928 million) and the Group acquired additional interests in certain non-wholly owned subsidiaries for an aggregate cash consideration of approximately RMB674 million (2019: RMB8 billion) and resulted in approximately RMB553 million (2019: RMB606 million) debited to capital reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**7,372,354**	14,986,842
Adjustments for:			
Finance costs	11	**2,867,029**	2,751,234
Interest income	10	**(1,003,656)**	(847,057)
Net unrealised foreign exchange loss		**520,493**	32,716
Gain on disposal of an associate	10	**–**	(101,950)
Gain on remeasurement of interest in an associate	10	**(1,664,006)**	–
Loss on reconsolidation of Watagan		**6,844,010**	–
Gain on acquisition and remeasurement of Moolarben	10	**(3,233,058)**	–
Gain on bargain purchase on acquisition of subsidiaries	10	**(864,883)**	–
Depreciation of property, plant and equipment	13	**5,940,712**	4,032,906
Depreciation of right-of-use assets	13	**240,434**	212,027
Amortisation of intangible assets	13	**2,353,777**	1,584,967
Loss on disposal of property, plant and equipment, net	9	**68,130**	50,237
Impairment loss on bills and accounts receivables, net	9	**55,348**	118,890
Impairment loss on other receivables, net	9	**909,628**	346,645
Impairment loss on long-term receivables, net	9	**27,735**	37,424
Impairment loss on intangible assets	9	**–**	147,464
Impairment loss on inventories	9	**47,300**	25,843
Impairment loss on interest in associate	9	**6,158**	–
Fair value change in investment properties	10	**(128,268)**	–
Share of results of joint ventures		**305,733**	135,352
Share of results of associates		**(1,428,519)**	(1,710,082)
Share-based payment expenses	13	**24,557**	8,203
(Gain) loss on change in fair value of financial assets at FVTPL	10/9	**(340)**	4,743
(Gain) loss on change in fair value of derivative financial instruments	10/9	**70,557**	111,112
Loss (gain) on change in fair value of royalty receivable	9/10	**45,938**	(157,112)
Operating cash flows before movements in working capital		**19,377,163**	21,770,404
Increase in bills and accounts receivables		**2,264,522**	(1,507,306)
Increase in inventories		**(354,782)**	(1,948,493)
Movement in provision for land subsidence, restoration, rehabilitation and environmental cost		**1,308,296**	(1,783,636)
Decrease in provisions		**(1,215,231)**	(255,557)
Decrease (Increase) in prepayments and other receivables		**628,576**	(1,713,568)
Decrease in royalty receivable		**72,890**	93,689
(Decrease) increase in bills and accounts payables		**(1,296,518)**	6,560,842
(Decrease) increase in other payables and accrued expenses		**(9,164,889)**	173,247
(Decrease) Increase in contract liabilities		**(100,392)**	509,834
Increase in amount due to Parent Company and its subsidiaries		**1,017,765**	164,053
Decrease in long-term payables		**(1,723,831)**	(181,789)
Cash generated from operations		**10,813,569**	21,881,720
Income taxes paid		**(2,798,489)**	(2,789,177)
Interest paid		**(2,054,787)**	(3,354,897)
Interest received		**998,505**	673,556
NET CASH FROM OPERATING ACTIVITIES		**6,958,798**	16,411,202

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Withdrawal of term deposits		**(800,256)**	1,703,231
Placement of restricted cash		**(2,141,988)**	(837,083)
Purchase of property, plant and equipment		**(1,497,593)**	(1,788,436)
Payments for construction in progress		**(2,019,145)**	(4,199,736)
Purchase of intangible assets		**(546,695)**	(2,789,889)
Payments for right-of-use assets		**(724,084)**	(38,100)
Increase in deposit paid for property, plant and equipment		**(2,294,555)**	(1,860,196)
Proceeds for disposal of property, plant and equipment		**298,246**	831,878
Net cash outflow arising on acquisition of subsidiaries		**(6,938,590)**	–
Investments in securities		**(31,249)**	–
Investments in associates		**(146,300)**	(352,755)
Settlement of payables for acquisition of subsidiaries		**–**	(1,694,438)
Proceed from disposal of assets classified as held for sale		**212,007**	58,257
Proceed from disposal of a joint venture		**–**	4,900
Proceed from disposal of an associate		**25,203**	784,560
Loan receivables advanced		**(1,163,568)**	(2,888,751)
Repayment of loan receivables		**6,840,868**	1,058,383
Increase in deposits in investment		**(60,129)**	–
Dividend received		**–**	16,116
Dividend received from associates		**720,306**	624,123
NET CASH USED IN INVESTING ACTIVITIES		**(10,267,522)**	(11,367,936)
FINANCING ACTIVITIES			
Proceeds from borrowings		**22,269,022**	17,466,315
Repayment of borrowings		**(20,323,927)**	(17,054,738)
Proceeds from issuance of guaranteed notes		**18,725,304**	8,000,000
Customers' deposits for financing business received		**852,929**	6,562,462
Redemption of perpetual capital securities		**(8,417,351)**	–
Repayment of guaranteed notes		**(8,498,800)**	(11,949,984)
Dividends paid		**(4,723,044)**	(5,688,465)
Repayment of lease liabilities		**(513,259)**	(185,592)
Distribution paid to holders of perpetual capital securities		**(641,642)**	(785,580)
Dividend paid to non-controlling shareholders		**(548,214)**	(1,223,842)
Payments for acquisition of additional interests in subsidiaries		**(674,030)**	(8,000,000)
Proceeds from issue of shares under global offering by a subsidiary		**–**	2,516
Repurchase of shares		**(284,599)**	–
Contribution from non-controlling interests		**624,168**	2,927,813
NET CASH USED IN FINANCING ACTIVITIES		**(2,153,443)**	(9,929,095)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(5,462,167)**	(4,885,829)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**22,789,951**	27,372,942
Effect of foreign exchange rate		**(211,324)**	302,838
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		**17,116,460**	22,789,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

Yanzhou Coal Mining Company Limited (the "Company") is established as a joint stock company with limited liability in the People's Republic of China (the "PRC"). In April 2001, the status of the Company was changed to that of a Sino-foreign joint stock limited company. The Company's A shares are listed on the Shanghai Stock Exchange ("SSE") while its H shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The Company's parent and ultimate holding company is Yankuang Group Corporation Limited (the "Parent Company"), a state-owned enterprise in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the Group Profile section of the annual report.

The principal activities of the Company are investment holdings, coal mining and coal railway transportation. The activities of its principal subsidiaries, associates, joint ventures and joint operations (together with the Company referred to as the "Group") are set out in notes 57, 27, 30 and 31 respectively.

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

2. BASIS OF PREPARATION AND PRESENTATION

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company also prepares a set of consolidated financial statements in accordance with the China Accounting Standards for Business Enterprises ("PRC GAAP").

These consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules").

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB45,023,397,000 as at 31 December 2020.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the next twelve months from 31 December 2020 by taking into consideration the followings:

– The directors of the Company anticipate that the Group will generate positive cash flows from its operations; and

– The undrawn borrowings facilities available for immediate use.

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 31 December 2020. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in International Financial Reporting Standards ("IFRSs") and the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning 1 January 2020:

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

The application of the Amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") (Continued)

New and amendments to IFRSs issued 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 and related Amendments[5]
Amendments to IFRS 3	Reference to Conceptual Framework[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to IFRS 16	COVID-19-Related Rent Concessions[4]
Amendment to IFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle[3]
Amendments to IAS 8	Definition of Accounting Estimates[5]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[5]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2022.

4 Effective for annual periods beginning on or after 1 June 2020.

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

The directors of the Group anticipate, except as described below, that the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in change in the classification of the Group's liabilities.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value. The principal accounting policies are set out below.

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

4. 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

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. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends are recognised in the Company's profit or loss.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified 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.

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets acquisitions

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

Business combination

Businesses combinations are accounted for by applying 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 former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

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

– deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 *Income Taxes*;

– assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 19 *Employee Benefits*;

– liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

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

– lease liabilities are measured at the present value of the remaining lease payments as if the acquired lease was a new lease 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 measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination (Continued)

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group'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 aggregate 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 gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for 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 are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period can not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reecognised on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

The Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Goodwill is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first 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. Any impairment is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

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 of 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 arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with 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 provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

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, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill and is included in 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 acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment 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 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

When the investment ceases to be an associate or a joint venture upon the Group losing significant influence over the associate or joint control over the joint venture, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is accounted for on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Interests in joint operations

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

The Group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations (Continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity enters into a transaction with a joint operation in which the group entity is a joint operator, such as a sale or contribution of assets, the Group is considered to be conducting the transaction with the other parties to the joint operation and the Group recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

When a group entity enters into a transaction with a joint operation in which the group entity is a joint operator, such as a purchase of assets, the Group recognises its share of the gains and losses until it resells those assets to a third party.

Non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale or disposal in its present condition subject only to terms that are usual and customary for sales or disposals of such assets (or disposal group) and the transaction is highly probable. Management must be committed to the transaction, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan or other transaction involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill)

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful life 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 asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life will be tested for impairment annually, and whenever there is an indication that they may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the 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 as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but such 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as an income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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 customers.

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 same.

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognised revenue from the following major sources:

- Sales of goods (including coal, methanol and equipment manufacturing)
- Provision of coal railway transportation services, electricity and heat supply

Sales of goods

Revenue from sale of coal, methanol and equipment is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of the goods to the location specified by the customers and accepted by the customers). It is a point of time where the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Provision of services

Revenue from coal railway transportation services is recognised when the services are rendered.

Revenue from supply of electricity and heat is recognised at the time when the electricity or heat is transmitted.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight line basis over its useful life. Expenditure incurred on projects to develop new products is capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, the ability to use or sell the asset, how the asset will generate future probable economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure during the development.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost less any accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(i) Mining reserves

Mining reserves represent the portion of total proven and probable reserves in the mine. Mining reserves are amortised over the life of the mine on a unit of production basis of the estimated total proven and probable reserves. Changes in the annual amortisation rate resulting from changes in the remaining reserves are applied on a prospective basis from the commencement of the next financial year.

(ii) Mining resources

Mining resources represent the fair value of economically recoverable reserves (excluding the portion of total proven and probable reserves of a mining right i.e. does not include the above mining reserves) of a mining right (Details are set out in the accounting policy of exploration and evaluation expenditure). When production commences, the mining resources for the relevant areas of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at individual mine level.

Exploration and evaluation expenditure comprises costs that are directly attributable to:

– Researching and analysing existing exploration data;

– Conducting geological studies, exploratory drilling and sampling;

– Examining and testing extraction and treatments methods; and/or

– Compiling pre-feasibility and feasibility studies.

These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Exploration expenditure relates to the initial search for deposits with economic potential. Expenditure on exploration activity is not capitalised.

Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential. Capitalisation of evaluation expenditure commences when there is a high degree of confidence that the Group will determine that a project is commercially viable, i.e. the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Group.

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at individual mine level. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through successful development and commercial exploitation, or alternatively, sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

The carrying amount of exploration and evaluation assets is assessed for impairment when facts or circumstances suggest the carrying amount of the assets may exceed their recoverable amount.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written-off in full in the period in which the decision to abandon the area is made.

Capitalised exploration and evaluation expenditure considered to be tangible is recorded as a component of property, plant and equipment. Otherwise, it is recorded as an intangible asset. Exploration and evaluation expenditure acquired in a business combination are recognised at their fair value at the acquisition date (the fair value of potential economically recoverable reserves at the acquisition date which is shown as “Mining resources”).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditure (Continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable (i.e. when proved reserves of coal are determined and development is approved by management), the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining reserves or property, plant and equipment. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

On reclassification, the carrying amounts of exploration and evaluation assets are also reviewed and, where appropriate, written down to their recoverable amount.

Property, plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Freehold lands are not depreciated and measured at cost less subsequent accumulated impairment loss.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is charged so as to write off the cost of items of property, plant and equipment, other than construction in progress and freehold land, over their estimated useful lives and after taking into account their estimated residual value, using the straight line method or unit of production method.

Any gain or loss arising on the disposal 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 immediately in the consolidated statement of profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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 the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. The revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

Construction in progress

Construction in progress represents production site development projects under construction for production or for its own use purposes. Construction in progress is carried at cost less any impairment loss. Costs included costs of constructing the manufacturing plant and acquisition of mining rights, mining permits and licenses that form an integral part of the overall development projects. Construction in progress is classified to the appropriate category of property, plant and equipment or intangible assets when completed and ready for intended use. Depreciation or amortisation commences when the assets are ready for their intended use.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and other financial institution and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the preparation of consolidated cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories of coal, methanol, iron ore and equipment are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour and overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price less all further costs to completion and costs to be incurred in selling, marketing and distribution.

Inventories of auxiliary materials, spare parts and small tools expected to be used in production are stated at weighted average cost less allowance, if necessary, for obsolescence.

Overburden in advance

Overburden in advance comprises mining stripping (waste removal) costs both during the development and production phase of the Group's operations.

When stripping costs are included in the development phase of a mine before the production phase commences (development stripping), such expenditure is capitalised as part of the cost of constructing the mine if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The stripping assets are subsequently amortised over its useful life using a units of production method, in accordance with the policy applicable to mine properties. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Waste removal costs incurred in the production phase creates two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to ore to be mined in the future, the costs are recognised as a stripping activity asset in mine properties.

If the costs of the inventory produced and the stripping asset are not separately identifiable, the allocation is undertaken based on waste-to-ore stripping ratio for the particular ore component concerned. If mining of waste in a period occurs in excess of the expected life-of-component average waste-to-ore strip ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life-of-component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventory produced.

Amortisation is provided using the units-of-production method over the life of the identified component of ore body. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

Stripping costs that do not satisfy the asset recognition criteria are expensed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, interest in associates and 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.

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 profit will be available to allow all or part of the asset to be recovered.

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 liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Certain of the Company's Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the tax consolidated group recognises its own deferred tax assets and liabilities, except where the deferred tax assets relate to unused tax losses and credits, in which case the Australian subsidiaries recognises the assets. Australian subsidiaries have entered into a tax sharing agreement whereby each company of Australian subsidiaries contributes to the income tax payable in proportion to their contribution to the profit before tax of the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each entity in Australian subsidiaries group can recognise their balance of the current tax assets and liabilities through inter-entity accounts.

Land subsidence, restoration, rehabilitation and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land above the underground mining sites. Depending on the circumstances, the Group may relocate inhabitants from the land above the underground mining sites prior to mining those sites or the Group may compensate the inhabitants for losses or damages from land subsidence after the underground sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the underground sites have been mined.

An estimate of such costs is recognised in the period in which the obligation is identified and is charged as an expense in proportion to the coal extracted. At the end of each reporting period, the Group adjusts the estimated costs in accordance with the actual land subsidence status. The provision is also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of any related assets, in which case the capitalised cost is reduced to nil and remaining adjustment is recognised in the consolidated statement of profit or loss. Changes to the capitalised cost result in an adjustment to future depreciation and finance charges.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Definition of a lease

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

The Group as lessee

For contracts entered into or arising from business combinations, the Group assesses whether a contract is or contains a lease, at inception of the contract or aquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under IAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

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.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Restoration provisions

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets until such time as the assets are substantially ready for their intended use or sale. 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. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

All other borrowings costs are recognised as expenses in the period in which they are incurred.

Foreign currencies

In the individual financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e., the currency of the primary environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. 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.

Exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

In the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi) at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income 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.

Retirement benefits costs

Payments to defined contribution plans including included state-managed retirement benefit schemes and superannuation funds are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recogised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave are included in other payables and accrued expenses. Related on-costs are also included in other payables and accrued expenses as other creditors. Long service leave is provided for when it is probable that settlement will be required and it is capable of being measured reliably.

Employee benefits expected to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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.

Financial assets

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 marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, 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. If, in subsequent reporting periods, 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.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (note 10).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on 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 and gains" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other income and gains" line item. Fair value is determined in the manner described in note 45c.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for bills and accounts receivables. The expected credit losses on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has 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 increase in the likelihood or risk of a default occurring since initial recognition.

4. 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)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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 since initial recognition:

- 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 for a particular debtor, 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;
- significant increases in credit risk on other financial instruments of the same 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.

4. 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)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument 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. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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 the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, 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 before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- 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).

4. 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)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset 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 counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 4 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses 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. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

4. 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)

Measurement and recognition of expected credit losses (Continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as 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, the expected loss allowance is 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.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 party.

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 equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the 'other incomes and gains' line item in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities (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 payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured 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 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 they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other income and gains" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

Cash flow hedges (Continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Share-based payment transactions

Share options granted to employees

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for goods or services acquired, measured initially at the fair value of the liability. At the end of the reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Cash-settled share-based payment transactions (Continued)

In case of share options granted by a subsidiary, the share options reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction if the exercise of share options does not constitute a loss of the Group's control over that subsidiary.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of intangible assets, right-of-use assets, property, plant and equipment and construction in progress for the purpose of impairment assessment, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosure made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, 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 and disclosures made in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumptions involves making judgements by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2 to the consolidation financial statements.

Significant influence over associates

As stated in note 27, the directors of the Company considered that China Zheshang Bank Co., Ltd. ("Zheshang Bank"), 臨商銀行股份有限公司("Linshang Bank") and Qilu Bank Co. Ltd. ("Qilu Bank"), in which the Group has 4.39%, 19.75% and 8.67% equity interest respectively, are associates of the Group.

The Group considered that it has the practical ability to exercise significant influence on the associates even though it owns less than 20% of the ownership interest and voting control taking into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dipersion of shareholding interests; 2) the representation or right to appoint/nominate directors on the board of directors of the associates; and 3) the rights to participate in the policy-making process, including dividends and other distribution.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Depreciation of mining structures

The cost of mining structures (note 23) is depreciated using the unit of production method based on the estimated total production volume for which the structure was designed. The management exercises their judgement in estimating the useful lives of the mining structures and the estimated total production volume of the mine. The estimated coal production volumes are updated at regular intervals and have taken into account recent production and technical information about each mine. These changes are considered a change in estimate for accounting purposes and are reflected on a prospective basis in related depreciation rates. Estimates of the production volume are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information.

Amortisation of assets

Mining reserve (note 22) is amortised based on unit of production basis. The expensing of overburden costs is based on saleable coal production over its estimated economically recoverable reserves. The useful lives are estimated on the basis of the total proven and probable reserves of the mine. Proven and probable mining reserve estimates are updated at regular intervals and have taken into account recent production and technical information about each mine.

Provision for land subsidence, restoration, rehabilitation and environmental costs

The provision (note 36) is reviewed regularly to verify that it properly reflects the remaining obligation arising from the current and past mining activities. Provision for land subsidence, restoration, rehabilitation and environmental costs are determined by the management based on their best estimates of the current and future costs, latest government policies and past experience.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2020, the carrying amount of goodwill is RMB1,754,149,000 (2019: RMB1,655,090,000). During the year ended 31 December 2020, no impairment loss on goodwill (2019: nil) was recognised by the Group. Details of the Group's impairment assessment on goodwill are set out in note 25.

Cash flow projections during the budget period for each of the cash generating units are based on the budgeted revenue and expected gross margins during the budget period and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2020, the carrying amounts of property, plant and equipment and intangible assets were RMB65,516,221,000 and RMB72,714,205,000 (2019: RMB44,995,450,000 and RMB51,958,569,000) respectively. Details of the impairment of property, plant and equipment and intangible assets are disclosed in notes 23 and 22, respectively.

Exploration and evaluation expenditure

Under the Group's accounting policy, exploration expenditure is not capitalised. Evaluation expenditure is capitalised when there is a high degree of confidence that the Group will determine that a project is commercially viable and therefore it is considered probable that future economic benefits will flow to the Group.

There are occasions when the Group concludes that the asset recognition criteria are met at an earlier stage than approval to proceed. In these cases, evaluation expenditure is capitalised if there is a high degree of confidence that the Group will determine the project is commercially viable. The Group's view is that a high degree of confidence is greater than "more likely than not" (that is greater than 50 per cent certainty) and less than "virtually certain" (that is less than 90 per cent certainty). Determining whether there is a high degree of confidence that the Group will determine that an evaluation project is commercially viable requires a significant degree of judgement and assessment of all relevant factors such as the nature and objective of the project; the project's current stage and project timeline; current estimates of the project's net present value including sensitivity analyses for the key assumptions; and the main risks of the project. Development expenditure incurred prior to the decision to proceed is subject to the same criteria for capitalisation, being a high degree of confidence that the Group will determine that a project is commercially viable.

In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the criteria for the capitalisation of evaluation costs are applied consistently from period to period.

Subsequent recovery of the carrying value for evaluation costs depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the consolidated statement of profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of bills and accounts receivables, other receivables and long-term receivables

The impairment provisions for bills and accounts receivables, other receivables and long-term receivables are based on assumptions about expected credit loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Group's customers and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

At 31 December 2020, the carrying amount of bills and accounts receivables is approximately RMB7,291,455,000 (2019: RMB7,598,163,000), net of accumulated impairment losses of approximately RMB501,078,000 (2019: RMB482,331,000).

At 31 December 2020, the carrying amount of other receivables is approximately RMB8,546,526,000 (2019: RMB13,581,816,000), net of accumulated impairment losses of approximately RMB1,679,407,000 (2019: RMB769,779,000).

At 31 December 2020, the carrying amount of long-term receivables is approximately RMB6,483,853,000 (2019: RMB10,118,051,000), net of accumulated impairment losses of approximately RMB262,089,000 (2019: RMB234,354,000).

Acquisitions and business combinations

The directors of the Company determines whether the acquisition as disclosed in note 47 should be accounted as a business combination under HKFRS 3 or an asset acquisition by assessing if there are economic resources or business process associated with the acquisition targets. A business is a group of assets that includes inputs, outputs and processes that are capable of being mangaged together for providing a return to investors or other economic benefits. Not all of the elements need to be present for the group of assets to be considered as a business and this determination involves judgement. If the group of assets purchased do not constitute a business, the acquisition is considered as purchase of individual assets. Different conclusion around this judgement may materially impact how the acquisition presented and measured in the consolidation statement of financial position of the Group.

In the opinion of directors of the Company, the acquisitions had been accounted for as business combinations using the acquisition method.

Under the acquisition method, the consideration transferred for the combinations is allocated to the identifiable assets acquired and liabilities assumed based on their respective fair values as at acquisition date, including intangible assets. The determination of the fair value of consideration transferred, assets acquired and liabilities assumed requires a set of estimations and determination of key inputs. Any changes to these inputs may have significant impact on the fair value of consideration transferred, assets acquired and liabilities assumed, and will consequently have further impact on the goodwill or the profit or loss in the case of a bargain purchase.

6. SEGMENT INFORMATION

The Group is engaged primarily in the mining business. The Group is also engaged in the coal railway transportation business. The Company does not currently have direct export rights in the PRC and all of its export sales is made through China National Coal Industry Import and Export Corporation ("National Coal Corporation"), Minmetals Trading Co., Ltd. ("Minmetals Trading") or Shanxi Coal Imp. & Exp. Group Corp. ("Shanxi Coal Corporation"). The final customer destination of the Company's export sales is determined by the Company, National Coal Corporation, Minmetals Trading or Shanxi Coal Corporation. The exploitation right of the Group's foreign subsidiaries is not restricted. Certain of the Company's subsidiaries and associates are engaged in manufacturing and trading of mining machinery and the transportation business via rivers and lakes and financial services in the PRC. No separate segment information about these businesses is presented in these financial statements as the underlying gross sales, results and assets of these businesses, which are currently included in the mining business segment, are insignificant to the Group. Certain of the Company's subsidiaries are engaged in production of methanol and other chemical products, and provision of heat and electricity. Upon the acquisition of Yankuang Donghua Heavy Industry Limited ("Donghua") in 2016, the Group is also engaged in the manufacturing of comprehensive coal mining and excavating equipment.

Gross revenue disclosed below is same as the turnover (total revenue).

For management purposes, the Group is currently organised into four operating divisions-coal mining, coal railway transportation, methanol, electricity and heat supply and equipment manufacturing. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

Coal mining	Underground and open-cut mining, preparation and sales of coal and potash mineral exploration
Coal railway transportation	Provision of railway transportation services
Methanol, electricity and heat supply	Production and sales of methanol and other chemical products and provision of electricity and related heat supply services
Equipment manufacturing	Manufacturing of comprehensive coal mining and excavating equipment

The accounting policies of the reportable segments are same as the Group's accounting policies described in note 4. Segment results represents the results of each segment without allocation of corporate expenses, directors' emoluments, share of results of associates and joint ventures, interest income, interest expenses and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Unallocated corporate income for the years ended 31 December 2020 and 2019 mainly included gain on sales of materials and sundry items.

Unallocated corporate expenses for the years ended 31 December 2020 and 2019 mainly included bank charges, salaries and other employee benefits, miscellaneous taxes and sundry items.

Unallocated corporate assets at 31 December 2020 and 2019 mainly included certain bank balances and cash, investments in securities, deferred tax assets and sundry items.

Unallocated corporate liabilities at 31 December 2020 and 2019 mainly included borrowings, dividend payables, deferred tax liabilities and sundry items.

6. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

Segment information about these businesses is presented below:

	For the year ended 31 December 2020						
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE							
External	65,419,830	377,800	3,176,101	149,289	–	–	69,123,020
Inter-segment	1,827,549	50,590	383,640	806,431	–	(3,068,210)	–
Total	67,247,379	428,390	3,559,741	955,720	–	(3,068,210)	69,123,020

	For the year ended 31 December 2020						
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
RESULTS							
Segment results	11,502,529	152,106	762,448	4,950	–	–	12,422,033
Unallocated corporate expenses	–	–	–	–	–	–	(6,935,091)
Unallocated corporate income	–	–	–	–	–	–	3,016,091
Interest income	–	–	–	–	–	–	1,003,656
Share of results of associates	471,974	37,803	36,216	–	882,526	–	1,428,519
Share of results of joint ventures	(305,733)	–	–	–	–	–	(305,733)
Finance costs	–	–	–	–	–	–	(3,257,121)
Profit before tax							7,372,354
Income tax expenses							(1,815,033)
Profit for the year							5,557,321

6. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	For the year ended 31 December 2019						
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE							
External	63,777,065	382,545	3,479,755	165,279	–	–	67,804,644
Inter-segment	5,507,545	77,103	429,647	815,176	–	(6,829,471)	–
Total	69,284,610	459,648	3,909,402	980,455	–	(6,829,471)	67,804,644

Inter-segment revenue is charged at prices pre-determined by the relevant governmental authority.

	For the year ended 31 December 2019						
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
RESULTS							
Segment results	14,951,626	143,446	568,844	147	–	–	15,664,063
Unallocated corporate expenses	–	–	–	–	–	–	(3,324,714)
Unallocated corporate income	–	–	–	–	–	–	2,978,940
Interest income	–	–	–	–	–	–	845,057
Share of results of associates	605,155	146,845	16,423	–	941,659	–	1,710,082
Share of results of joint ventures	(135,352)	–	–	–	–	–	(135,352)
Finance costs	–	–	–	–	–	–	(2,751,234)
Profit before tax							14,986,842
Income tax expenses							(3,160,063)
Profit for the year							11,826,779

The revenue for the years ended 31 December 2020 and 2019 represented revenue from contracts with customers within the scope of IFRS 15.

Disaggregation of revenue from contracts with customers by timing of recognition

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Timing of revenue recognition		
At a point in time	**69,123,020**	67,804,644

6. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	As at 31 December 2020					
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS						
Segment assets	**202,767,398**	**440,326**	**18,536,696**	**5,164,847**	**–**	**226,909,267**
Interests in associates	**1,203,015**	**2,115,795**	**1,056,530**	**–**	**14,204,816**	**18,580,156**
Interests in joint ventures	**445,411**	**–**	**–**	**–**	**–**	**445,411**
Unallocated corporate assets						**27,074,424**
						273,009,258
LIABILITIES						
Segment liabilities	**60,096,813**	**158,107**	**11,948,737**	**4,134,904**	**–**	**76,338,561**
Unallocated corporate liabilities						**104,587,487**
						180,926,048

	As at 31 December 2019					
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS						
Segment assets	140,299,628	522,924	18,190,949	5,025,645	–	164,039,146
Interests in associates	3,963,236	2,177,992	1,029,771	–	9,944,440	17,115,439
Interests in joint ventures	518,956	–	–	–	–	518,956
Unallocated corporate assets						29,087,030
						210,760,571
LIABILITIES						
Segment liabilities	38,006,558	240,723	11,825,195	3,671,294	–	53,743,770
Unallocated corporate liabilities						71,668,196
						125,411,966

6. SEGMENT INFORMATION (Continued)

(c) Other segment information

	For the year ended 31 December 2020					
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Corporate RMB'000	Consolidated RMB'000
Capital additions	94,141,309	62,018	752,452	772	94,255	95,050,806
Additions of investments in associates	–	–	–	–	4,185,045	4,185,045
Amortisation of intangible assets	2,327,121	–	22,889	3,614	153	2,353,777
Depreciation of property, plant and equipment	4,974,565	29,647	539,559	396,520	421	5,940,712
Depreciation of right-of-use assets	229,008	5,372	2,553	3,501	–	240,434
Impairment loss on:						
– inventories	47,300	–	–	–	–	47,300
– bills and accounts receivables, net	55,348	–	–	–	–	55,348
– other receivables, net	909,628	–	–	–	–	909,628
– long-term receivables	27,735	–	–	–	–	27,735
Gain on bargain purchase	(864,883)	–	–	–	–	(864,883)
Loss on reconsolidation of Watagan	6,844,010	–	–	–	–	6,844,010
Gain on remeasement of associate	(1,664,006)	–	–	–	–	(1,664,006)
Gain acquisition on remeasurement of Moolarben	(3,233,058)	–	–	–	–	(3,233,058)

	For the year ended 31 December 2019					
	Coal mining RMB'000	Coal railway transportation RMB'000	Methanol, electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Corporate RMB'000	Consolidated RMB'000
Capital additions	15,158,689	21,918	752,412	39,171	94,255	16,066,445
Additions of investments in associates	–	–	–	–	352,755	352,755
Amortisation of intangible assets	1,557,702	–	23,498	3,614	153	1,584,967
Depreciation of property, plant and equipment	2,749,733	4,642	843,976	433,508	1,047	4,032,906
Depreciation of right-of-use assets	209,810	–	2,217	–	–	212,027
Impairment loss on:						
– inventories	25,843	–	–	–	–	25,843
– bills and accounts receivables, net	118,890	–	–	–	–	118,890
– other receivables, net	346,645	–	–	–	–	346,645
– long-term receivables	37,424	–	–	–	–	37,424
– intangible assets	147,464	–	–	–	–	147,464

6. SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

The following table sets out the geographical information. The geographical location of sales to external customers is based on the location at which the services were provided or the destination of goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and joint ventures.

The geographical information of revenue from contracts with customers are as follows:

	Revenue from external customers For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
The PRC (place of domicile)	**52,701,471**	49,923,850
Australia	**3,192,398**	2,482,552
Others	**13,229,151**	15,398,242
Total	**69,123,020**	67,804,644

The geographical information of non-current assets (note) are as follows:

	Non-current assets At 31 December	
	2020	2019
	RMB'000	RMB'000
The PRC (place of domicile)	**156,181,336**	93,952,113
Australia	**49,036,602**	40,257,731
Canada	**1,848,839**	1,921,695
Total non-current assets	**207,066,777**	136,131,539

Note: Non-current assets excluded investments in securities, long-term receivables, royalty receivable, deposits made on investments and deferred tax assets.

7. NET SALES OF COAL

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Coal sold in the PRC, gross	**50,363,876**	45,658,024
Less: Transportation costs	**(1,051,599)**	(1,056,479)
Coal sold in the PRC, net	**49,312,277**	44,601,545
Coal sold outside the PRC, gross	**15,055,954**	18,119,041
Less: Transportation costs	**(2,808,508)**	(2,707,478)
Coal sold outside the PRC, net	**12,247,446**	15,411,563
Net sales of coal	**61,559,723**	60,013,108

Net sales of coal represent the invoiced value of coal sold and are net of returns, discounts and transportation costs if the invoiced value includes transportation costs to the customers.

8. COST OF SALES AND SERVICES PROVIDED

Cost of sales and services provided included:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Wages and employee benefits	**6,636,346**	6,216,147
Depreciation of property, plant and equipment	**4,765,342**	2,307,479
Depreciation of right-of-use assets	**190,313**	167,828
Amortisation of mining rights	**2,306,036**	1,543,039

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses included:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Wages and employee benefits	**3,477,437**	2,974,468
Amortisation of intangible assets	**47,741**	41,928
Depreciation of property, plant and equipment	**657,527**	645,464
Depreciation of right-of-use assets	**50,121**	44,199
Impairment loss on bills and accounts receivables, net	**55,348**	118,890
Impairment loss on other receivables, net	**909,628**	346,645
Impairment loss on inventories	**47,300**	25,843
Impairment loss on intangible assets	**–**	147,464
Impairment loss on long-term receivables, net	**27,735**	37,424
Impairment loss on interest in associate	**6,158**	–
Loss on disposals of property, plant and equipment	**68,130**	50,237
Loss on change in fair value of financial assets at FVTPL	**–**	4,743
Exchange loss, net	**–**	134,212
Loss on change in fair value of derivative financial instruments	**70,557**	111,112
Loss on change in fair value of royalty receivable	**45,938**	–

10. OTHER INCOME AND GAINS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Gain on sales of auxiliary materials	**2,258,248**	1,903,663
Interest income	**1,003,656**	847,057
Gain on change in fair value of royalty receivable	**–**	157,112
Gain on change in fair value of financial assets at FVTPL	**340**	–
Gain on remeasurement of an associate (Note 27(ii))_	**1,664,006**	
Gain on disposal of an associate (note 27(v))	**–**	101,950
Government grants (note a)	**332,786**	245,394
Gain on acquisition and remeasurement of Moolarben	**3,233,058**	–
Gain on bargain purchase on acquisition of subsidiaries	**864,883**	–
Gain on change in fair value of investment properties	**128,268**	–
Exchange gain, net	**203,176**	–
Others	**613,139**	656,086
	10,301,560	3,911,262

Note a: Government grants mainly represented subsidies provided to the Group to finance its operations and there were no unfulfilled conditions.

11. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expenses on:		
– Bank and other borrowings	**3,209,539**	3,086,837
– Bills receivable discounted without recourse	**9,085**	8,512
– Lease liabilities	**74,084**	33,894
	3,292,708	3,129,243
Less: interest expenses capitalised into construction in progress	**(425,679)**	(378,009)
	2,867,029	2,751,234

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.35% to 6% (2019: 4.75% to 6%) per annum to expenditure on qualifying assets.

12. INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Income taxes:		
Current taxes	**2,935,191**	2,829,461
Deferred taxes (note 41)	**(1,120,158)**	330,602
	1,815,033	3,160,063

Except for certain subsidiaries in the PRC that are entitled to a preferential tax rate of 15%, the Company and its subsidiaries in the PRC are subject to the standard income tax rate of 25% on its taxable income (2019: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. INCOME TAX EXPENSES (Continued)

The total tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before tax	**7,372,354**	14,986,842
Standard income tax rate in the PRC	**25%**	25%
Standard income tax rate applied to profit before tax	**1,843,089**	3,746,711
Reconciling items:		
Tax effect of expenses not deductible for tax purpose	**1,798,728**	624,753
Utilisation of unrecognised tax losses in prior years	**(128,091)**	(9,514)
Effect of tax rate differences in other taxation jurisdictions	**(615,186)**	56,468
Tax effect of share of results of associates and joint ventures	**(280,697)**	(393,683)
Changes in tax base of assets (note)	**(953,894)**	(996,040)
Tax effect of tax losses not recognised	**15,504**	139,927
Others	**135,580**	(8,559)
Income taxes	**1,815,033**	3,160,063
Effective income tax rate	**24.62%**	21.09%

Note: The amount represented the tax benefits relating to the finalisation of tax bases arising from Yancoal Australia in prior years.

13. PROFIT BEFORE TAX

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	**2,353,777**	1,584,967
Depreciation of property, plant and equipment	**5,940,712**	4,032,906
Depreciation of right-of-use assets	**240,434**	212,027
Auditors' remuneration	**16,830**	15,295
Staff costs, including directors', chief executive director's, supervisors' and management team's emoluments	**9,046,429**	9,791,567
Retirement benefit scheme contributions (included in staff costs above)	**2,255,140**	2,312,015
Share-based payments expenses (included in staff costs above)	**24,557**	8,203
Cost of inventories recognised as expenses	**25,197,475**	19,112,498
Research and development costs	**508,617**	265,014

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors', chief executive director's, supervisors' and management team's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December 2020			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Independent non-executive directors				
Qi Anbang[1]	75	–	–	75
Kong Xiangguo[1]	75	–	–	75
Tianhui[2]	75	–	–	75
Zhu Limin[2]	75	–	–	75
Cai Chang	150	–	–	150
Poon Chiu Kwok	150	–	–	150
	600	–	–	600
Executive directors				
Wu Xiangqian	–	1,146	180	1,326
Guo Jun[1]	–	402	61	463
Li Wei[3]	–	715	111	826
Zhao Qingchun	–	891	139	1,030
He Jing[2]	–	920	144	1,064
Wang Ruolin[2]	–	1,059	166	1,225
Guo Dechun[2]	–	793	123	916
Liu Jian[5]	–	995	156	1,151
	–	6,921	1,080	8,001
Chief executive director				
Li Xiyong*	–	–	–	–

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

	For the year ended 31 December 2020			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors				
Zhang Ning[1]	–	325	–	325
Zhou Hong*	–	–	–	–
Gu Shisheng*	–	–	–	–
Jiang Qingquan[1]	–	667	103	770
Meng Qinjian*[1]	–	–	–	–
Li Shipeng[2]	–	–	–	–
Qin Yanpo[2]	–	568	87	655
Su Li[4]	–	563	87	650
Zheng Kai	–	545	84	629
	–	2,668	361	3,029
Other management team				
Wang Fuqi	–	946	148	1,094
Zhao Honggang	–	952	149	1,101
Jin Qingbin	–	889	139	1,028
Zhang Chuanchang[7]	–	1,353	213	1,566
Wang Chunyao[7]	–	1,175	185	1,360
Wang Peng[7]	–	731	114	845
Tian Zhaohua[8]	–	618	96	714
Zhang Lei[6]	–	327	–	327
Gong Zhijie	–	953	149	1,102
	–	7,944	1,193	9,137
Total	600	17,533	2,634	20,767

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

The executive directors', chief executive directors' and other management team's emoluments shown above were for their services to the management of the affairs of the Company and the Group.

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

* Emoluments of these directors and supervisors were borne by the Parent Company and there is no reasonable basis of allocating their emoluments to the Group.
1 Resigned on 18 June 2020
2 Appointed on 19 June 2020
3 Resigned on 3 September 2020
4 Appointed on 17 June 2020
5 Resigned on 20 February 2021
6 Appointed on 27 March 2020
7 Appointed on 22 April 2020
8 Appointed on 9 December 2020

	For the year ended 31 December 2019			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Independent non-executive directors				
Qi Anbang	142	–	–	142
Kong Xiangguo	142	–	–	142
Cai Chang	142	–	–	142
Poon Chiu Kwok	142	–	–	142
	568	–	–	568
Executive directors				
Wu Yuxiang[1]	–	–	–	–
Wu Xiangqian	–	1,058	187	1,245
Guo Jun	–	728	128	856
Li Wei[3]	–	–	–	–
Zhao Qingchun	–	850	150	1,000
Guo Dechun	–	1,014	179	1,193
Liu Jian[2]	–	820	144	964
	–	4,470	788	5,258
Chief executive director				
Li Xiyong*	–	–	–	–

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

	For the year ended 31 December 2019			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors				
Zhang Ning[1]	–	–	–	–
Zhou Hong*	–	–	–	–
Gu Shisheng*	–	–	–	–
Jiang Qingquan	–	767	135	902
Meng Qinjian*	–	–	–	–
Zheng Kai	–	477	82	559
	–	1,244	217	1,461
Other management team				
Wang Fuqi	–	832	146	978
Zhao Honggang	–	788	138	926
Jin Qingbin	–	729	128	857
He Jing	–	1,020	180	1,200
Gong Zhijie	–	714	125	839
	–	4,083	717	4,800
Total	568	9,797	1,722	12,087

The executive directors', chief executive directors' and other management team's emoluments shown above were for their services to the management of the affairs of the Company and the Group.

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

* Emoluments of these directors and supervisors were borne by the Parent Company and there is no reasonable basis of allocating their emoluments to the Group.

1 Resigned on 28 March 2019

2 Appointed on 29 March 2019

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Employees' emoluments

The five highest paid individuals in the Group included one (2019: one) director for the year ended 31 December 2020. The emoluments of the remaining four (2019: four) highest paid individuals were stated as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, allowance and other benefits in kind	**22,014**	15,272
Retirement benefit scheme contributions	**267**	406
Discretionary bonuses	**4,129**	2,154
	26,410	17,832

Their emoluments were within the following bands:

	Year ended 31 December	
	2020	2019
HKD1,500,001 to HKD2,000,000	**–**	1
HKD2,500,001 to HKD3,000,000	**–**	1
HKD3,000,001 to HKD3,500,000	**1**	–
HKD6,000,001 to HKD6,500,000	**–**	1
HKD6,500,001 to HKD7,000,000	**1**	–
HKD7,000,001 to HKD7,500,000	**1**	–
HKD8,500,001 to HKD9,000,000	**–**	1
HKD12,000,001 to HKD12,500,000	**1**	–
	4	4

None of the directors, chief executive director, supervisors, management team and the five highest paid individuals waived any emoluments in the year ended 31 December 2020 and 2019. No emoluments were paid by the Group to any of the directors, supervisors, management team or five highest paid individuals as an inducement to joining the Group or as compensation for loss of office.

15. DIVIDEND RECOGNISED AS DISTRIBUTION DURING THE YEAR

	2020 RMB'000	2019 RMB'000
2020 interim dividend, nil (2019: 2019 interim dividend, RMB1.00 per share)	–	4,912,016
2019 final dividend, RMB0.58 per share (2019: 2018 final dividend, RMB0.54 per share)	**2,818,800**	2,652,489
	2,818,800	7,564,505

Pursuant to the annual general meeting held on 24 May 2019, a final dividend of RMB0.54 per share in respect of the year ended 31 December 2018 was approved by the shareholders and paid to the shareholders of the Company.

Pursuant to the extraordinary general meeting held on 1 November 2019, an interim dividend of RMB1.00 per share in respect of the six month ended 30 June 2019 was approved by the shareholders and paid to the shareholders of the Company.

Pursuant to the annual general meeting held on 19 June 2020, a final dividend of RMB0.58 per share in respect of the year ended 31 December 2019 was approved by the shareholders and paid to shareholders of the Company.

The board of directors proposes to declare a final dividend of approximately RMB4,873,042,000 calculated based on a total number of 4,873 million shares issued at RMB1.00 each in respect of the year ended 31 December 2020. The declaration and payment of the final dividend needs to be approved by the shareholders of the Company by way of an ordinary resolution in accordance with the requirements of the Company's Articles of Association. A shareholders' general meeting will be held for the purpose of considering and, if thought fit, approving this ordinary resolution.

16. EARNINGS PER SHARE

The calculation of the earnings per share attributable to the equity holders of the Company for the years ended 31 December 2020 is based on the profit attributable to the equity holders of the Company for the year of approximately RMB6,318,000,000 (2019: RMB9,388,645,000) and on the weighted average number of 4,883,877,852 shares (2019: 4,912,016,000 shares) in issue during 2020.

For the purpose of computation of diluted earnings per share for the year ended 31 December 2020, the Company had taken into consideration the dilutive effects of the share options issued by the Company (2019: share options issued by the Company and shares issuable under share incentive schemes of a non-wholly owned listed subsidiary). The diluted earnings per share for the year ended 31 December 2020 and 2019 approximate the basic earnings per share. The shares issuable under the share incentive schemes of a non-wholly-owned listed subsidiary had an anti-dilutive effect on the Company's earnings per share for the year ended 31 December 2020.

17. BANK BALANCES AND CASH/PLEDGED TERM DEPOSITS AND RESTRICTED CASH

Bank balances carry interest at market rates which ranged from 0.30% to 1.75% (2019: from 0.30% to 1.75%) per annum.

At the reporting date, the restricted cash represents the bank acceptance bill deposits paid for safety work as required by the State Administrative of work safety which carry interest at market rates of 0.30% to 0.42% (2019: 0.30% to 0.42%) per annum.

Pledged term deposits were pledged to certain banks as security for loans and banking facilities granted to the Group, which carry fixed interest rate ranging from 0.55% to 3.10% (2019: 0.55% to 3.10%) per annum.

18. BILLS AND ACCOUNTS RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Accounts receivables (at amortised cost)	**4,479,924**	4,976,900
Less: impairment loss	**(500,704)**	(481,503)
	3,979,220	4,495,397
Bills receivables (at FVTOCI)	**3,312,609**	3,103,594
Less: impairment loss	**(374)**	(828)
Total bills and accounts receivables, net	**7,291,455**	7,598,163

Bills receivable represents unconditional orders in writing issued by or negotiated from customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks or other parties. The bills are non-interest bearing and have a maturity of six months.

As at 31 December 2020, the gross amount of bills and accounts receivable arising from contracts with customers amounted to approximately RMB7,792,533,000 (2019: RMB8,080,494,000).

According to the credit rating of different customers, the Group generally allows a range of credit periods to its trade customers not exceeding 180 days.

18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

The following is an aged analysis of bills and accounts receivables, net of allowance for impairment, presented based on the invoice dates, which approximates the respective revenue recognition dates or dates the bills are received, at the end of the reporting period:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
0-90 days	**4,016,269**	4,352,677
91-180 days	**1,499,849**	1,625,634
181-365 days	**1,260,276**	1,365,969
Over 1 year	**515,061**	253,883
	7,291,455	7,598,163

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

The Group measures the loss allowance for bills and accounts receivables at an amount equal to lifetime ECL. As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment on a collective basis for part of its customers which consist of large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

For accounts receivables of approximately RMB841,712,000 (2019: RMB1,134,601,000) that are due from large and state-owned enterprises which have good credit rating and very rare past default payment history, the directors of the Company considered that there is no expected credit loss on these receivables as at 31 December 2020.

The following table provides information about the exposure to credit risk and ECL for bills and accounts receivables from customers, other than those large and state-owned enterprises, which are assessed individually or collecteively based on provision matrix as at 31 December 2020 and 2019.

As at 31 December 2020	**Average expected loss rate %**	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Accounts receivables – collective assessment			
– Within 1 year	**0.12**	**2,735,982**	**3,196**
– 1-2 years	**5.36**	**197,509**	**10,594**
– 2-3 years	**12.33**	**91,337**	**11,264**
– Over 3 years	**68.34**	**120,750**	**82,515**
		3,145,578	**107,569**
Accounts receivables – individual assessment	**79.80**	**492,634**	**393,135**
		3,638,212	**500,704**
Bills receivables	**0.01**	**3,312,609**	**374**
		6,950,821	**501,078**

18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

As at 31 December 2019	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Accounts receivables – collective assessment			
– Within 1 year	0.23	3,187,935	7,457
– 1-2 years	6.19	103,317	6,400
– 2-3 years	33.00	35,190	11,614
– Over 3 years	95.62	112,379	107,453
		3,438,821	132,924
Accounts receivables – individual assessment	86.39	403,478	348,579
		3,842,299	481,503
Bills receivables	0.03	3,103,594	828
		6,945,893	482,331

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information that is available without undue cost or effort. The grouping is regularly reviewd by the management to ensure relevant information about specific debtor is updated.

Receivable are written off if past due for more than 4 years and are not subject to enforcement activity. The Group does not hold collateral as security. During the year ended 31 December 2020, accounts receivables of approximately RMB36,601,000 (2019: RMB38,207,000) were written-off.

An analysis of the impairment loss on bills and accounts receivables for 2020 and 2019 are as follows:

	At 31 December	
	2020 RMB'000	2019 RMB'000
Balance at 1 January	**482,331**	401,648
Amounts written off as uncollectible	**(36,601)**	(38,207)
Provided for the year	**201,740**	223,230
Impairment loss reversed	**(146,392)**	(104,340)
Balance at 31 December	**501,078**	482,331

Included in bills and accounts receivables as at 31 December 2020 are balances of approximately RMB1,333,173,000 (2019: RMB2,075,393,000) that have been pledged to secure borrowings and banking facilities granted to the Group.

19. ROYALTY RECEIVABLE

	At 31 December 2020 RMB'000	2019 RMB'000
As at 1 January	**1,143,090**	931,256
Cash received	**(72,890)**	(93,689)
Exchange re-alignment	**83,235**	49,425
Change in fair value	**(45,938)**	256,098
As at 31 December	**1,107,497**	1,143,090
Presented as:		
Current portion	**97,935**	120,538
Non-current portion	**1,009,562**	1,022,552
	1,107,497	1,143,090

A right to receive a royalty of 4% of Free on Board trimmed sales from Middlemount Coal Pty Ltd ("Middlemount") mine operated by Middlemount Joint Venture was acquired as part of the acquisition of Gloucester Coal Limited ("Gloucester"). This financial asset has been determined to have a finite life being the life of the Middlemount mine and is measured at fair value basis.

The royalty receivable is measured based on management expectations of the future cash flows at each reporting date with the re-measurement recorded in profit or loss. The amount expected to be received in the next 12 month is disclosed as current receivable and the discounted expected future cash flow beyond 12 months is disclosed as a non-current receivable. Change in fair value is included in other income, gains and loss, net.

20. INVENTORIES

	At 31 December 2020 RMB'000	2019 RMB'000
Work in progress	**1,183,686**	850,927
Finished goods	**1,422,740**	390,144
	2,606,426	1,241,071
Methanol	**271,890**	175,194
Auxiliary material, spare parts and small tools	**2,123,520**	1,112,499
Coal products	**1,262,798**	3,067,810
Iron ore	**845,384**	392,570
Others	**3,615**	18,165
	7,113,633	6,007,309

21. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Advance to suppliers	**3,961,538**	4,063,775
Less: Impairment loss on advance to suppliers (note (i))	**(566,263)**	(579,506)
	3,395,275	3,484,269
Prepaid relocation costs of inhabitants	**3,194,472**	1,962,913
Other taxes	**1,548,713**	1,310,821
Loan receivables (note (ii))	**4,301,874**	9,504,131
Interest receivable	**123,615**	118,464
Others	**5,800,444**	4,729,000
Less: Impairment loss on other receivables	**(1,679,407)**	(769,779)
	16,684,986	20,339,819

(i) An analysis of the impairment loss on advance to suppliers for 2020 and 2019 are as follows:

	2020	2019
	RMB'000	RMB'000
Balance at 1 January	**579,506**	614,343
Amounts written off as uncollectible	**(13,243)**	(34,837)
Balance at 31 December	**566,263**	579,506

Advances will be written off, if aged over 4 years and considered irrecoverable by the management after considering the credit quality of the individual party and the nature of the amount overdue. During the year ended 31 December 2020, advance to suppliers of approximately RMB13,243,000 (2019: RMB34,837,000) were written-off.

(ii) The loans receivables carried interest ranging from 3.48% to 4.35% (2019: 3.48% to 4.35%) per annum and are repayable within 12 months from the end of the reporting period.

21. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The Group recognised lifetime ECL and 12-month ECL for other receivables based on the credit risk grading framework as follows:

As at 31 December 2020	**Average expected loss rate %**	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Other receivables – Performing	**11.68**	**5,250,769**	**613,245**
Other receivables – Default	**100.00**	**1,066,162**	**1,066,162**
Remaining other receivables	*	**3,909,002**	**–**
		10,225,933	**1,679,407**

As at 31 December 2019	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Other receivables – Performing	3.52	5,512,660	193,872
Other receivables – Default	100.00	575,907	575,907
Remaining other receivables	*	8,263,028	–
		14,351,595	769,779

* For the remaining balance of other receivables of approximately RMB3,909,002,000 (2019: RMB8,263,028,000), it has low risk of default or has not been significantly increase in credit risk since initial recognition and no impairment is recognised.

Movement in the impairment losses on other receivables is as follows:

	12-month ECL RMB'000	**Lifetime ECL – credit impaired** RMB'000	**Total** RMB'000
At 1 January 2019	237,796	185,338	423,134
Provided for the year	13,473	390,569	404,042
Impairment loss reversed	(57,397)	–	(57,397)
At 31 December 2019 and 1 January 2020	193,872	575,907	769,779
Provided for the year	419,373	490,255	909,628
At 31 December 2020	613,245	1,066,162	1,679,407

22. INTANGIBLE ASSETS

	Mining reserves RMB'000	Mining resources (exploration and evaluation assets) RMB'000	Potash mineral exploration permit RMB'000	Technology RMB'000	Water licenses RMB'000	Others RMB'000	Total RMB'000
COST							
At 1 January 2019	52,063,431	4,089,569	1,300,016	243,001	290,131	100,618	58,086,766
Exchange re-alignment	670,251	74,278	23,612	1,483	14,952	33,853	818,429
Additions	3,472,654	38,100	–	880	–	1,625,409	5,137,043
At 31 December 2019 and 1 January 2020	**56,206,336**	**4,201,947**	**1,323,628**	**245,364**	**305,083**	**1,759,880**	**64,042,238**
Exchange re-alignment	**780,861**	**73,494**	**684**	**3,300**	**4,246**	**3,963**	**866,548**
Additions	**21,046**	–	–	–	–	**26,862**	**47,908**
Acquisition of subsidiaries	**21,492,469**	–	–	**455,182**	**453,017**	**10,759**	**22,411,427**
Disposal	–	–	–	**(744)**	–	–	**(744)**
At 31 December 2020	**78,500,712**	**4,275,441**	**1,324,312**	**703,102**	**762,346**	**1,801,464**	**87,367,377**
AMORTISATION AND IMPAIRMENT							
At 1 January 2019	9,960,195	129,151	–	26,296	13,249	88,886	10,217,777
Exchange re-alignment	132,835	31	–	107	61	427	133,461
Provided for the year	1,543,039	–	–	5,517	3,819	32,592	1,584,967
Impairment loss	147,464	–	–	–	–	–	147,464
At 31 December 2019 and 1 January 2020	**11,783,533**	**129,182**	–	**31,920**	**17,129**	**121,905**	**12,083,669**
Exchange re-alignment	**213,114**	–	–	–	–	**3,356**	**216,470**
Provided for the year	**2,306,036**	–	–	**18,007**	**3,625**	**26,109**	**2,353,777**
Disposal	–	–	–	**(744)**	–	–	**(744)**
At 31 December 2020	**14,302,683**	**129,182**	–	**49,183**	**20,754**	**151,370**	**14,653,172**
CARRYING VALUES							
At 31 December 2020	**64,198,029**	**4,146,259**	**1,324,312**	**653,919**	**741,592**	**1,650,094**	**72,714,205**
At 31 December 2019	44,422,803	4,072,765	1,323,628	213,444	287,954	1,637,975	51,958,569

22. INTANGIBLE ASSETS (Continued)

The mining rights (mining reserves) are amortised based on unit of production method.

The mining resourses is reclassified to mining reserves when the reserves are reasonably proved to be commercial available. It is stated at cost less impairment.

The potash mineral exploration permit is reclassified to mining resources or mining reserves according to its progress of exploration. Technology has not yet reached the stage of commercial application and therefore is not amortised. Patent is also included in technology and it is amortised on a straight line basis of 10 years over the useful life.

Water licenses are amortised over the life of mine. If the mining activities of the relevant locations have not yet been started and the connections to water sources have not been completed, no amortisation will be provided.

Other intangible assets mainly represented capacity replacement right which is amortised on a straight line basis over the contractual term.

Amortisation expense of the mining rights for the year of RMB2,306,036,000 (2019: RMB1,543,039,000) has been included in cost of sales and services provided. Amortisation expense of other intangible assets for the year of RMB47,741,000 (2019: RMB41,928,000) has been included in selling, general and administrative expenses.

During the years ended 31 December 2020 and 2019, each cash generating unit's recoverable amount has been determined using the value-in-use method.

Value-in-use has been determined using a discounted cash flow model. The key assumptions to which the model is most sensitive include:

- Forecast sales prices (including coal price)
- Foreign exchange rates, if applicable
- Production and capital costs
- Discount rate
- Reserves and resources

In determining the value assigned to each key assumption, management has used external sources of information and utilised the expertise of external consultants and/or experts within the Group to validate entity specific assumptions such as coal reserves and resources.

Production and capital costs are based on the Group's estimate of forecasted geological conditions, stage of existing plant and equipment and future production levels. The information is obtained from internally maintained budgets, the five year business plan, life of mine models, life of mine plans and project evaluations performed by the Group in its ordinary course of business.

The Group has applied a pre-tax discount rate ranged from 8%-12% (2019: 10.74%-14%) to discount the forecast cash flows. The pre-tax discount rate applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. This rate is also consistent with the Group's five year business plan, life of mine models and project evaluations performed in ordinary course of business.

In relation to mining reserves, due to the underperformance of the cash generating unit, an impairment loss of RMB147,464,000 was recognised for Anyuan Mine during the year ended 31 December 2019. The recoverable amount for the Anyuan Mine as at 31 December 2019 was RMB0.2 billion. No impairment loss was recognised for the year ended 31 December 2020.

23. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Australia RMB'000	Buildings RMB'000	Railway structures RMB'000	Mining structures RMB'000	Plant, machinery and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST							
At 1 January 2019	1,047,445	7,197,652	5,122,282	19,754,006	38,087,284	2,822,120	74,030,789
Exchange re-alignment	12,346	12,624	–	107,690	200,227	36	332,923
Additions	–	94,255	612,134	582,949	2,294,996	19,031	3,603,365
Transfers from construction in progress	59,317	33,325	12,240	147,138	917,721	9,715	1,179,456
Disposals	–	(116,930)	(138,467)	(4,907)	(1,358,899)	(154,144)	(1,773,347)
At 31 December 2019 and 1 January 2020	1,119,108	7,220,926	5,608,189	20,586,876	40,141,329	2,696,758	77,373,186
Exchange re-alignment	35,796	54,289	–	271,085	471,652	(9)	832,813
Additions	–	499,881	350,349	373,535	1,881,549	132,267	3,237,581
Acquisition of subsidiaries	374,244	4,800,155	5,495,069	1,919,396	8,539,630	247,782	21,376,276
Transfers from construction in progress	39,637	349,855	90,379	553,232	1,245,944	16,248	2,295,295
Transfers to investment properties	–	(520,852)	–	–	–	–	(520,852)
Disposals	–	(161,617)	(23,873)	(72,913)	(1,255,516)	(99,480)	(1,613,399)
At 31 December 2020	1,568,785	12,242,637	11,520,113	23,631,211	51,024,588	2,993,566	102,980,900
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2019	–	2,127,757	2,971,402	5,702,019	16,462,540	1,816,123	29,079,841
Exchange re-alignment	–	5,288	–	30,537	120,370	26	156,221
Provided for the year	–	293,714	232,959	1,136,291	2,068,906	301,036	4,032,906
Eliminated on disposals	–	(44,257)	(68,361)	(3,870)	(669,432)	(105,312)	(891,232)
At 31 December 2019 and 1 January 2020	–	2,382,502	3,136,000	6,864,977	17,982,384	2,011,873	32,377,736
Exchange re-alignment	–	13,429	–	84,618	295,144	63	393,254
Provided for the year	–	281,435	308,378	249,950	4,938,085	162,864	5,940,712
Eliminated on disposals	–	(93,746)	(1,665)	(68,455)	(1,005,894)	(77,263)	(1,247,023)
At 31 December 2020	–	2,583,620	3,442,713	7,131,090	22,209,719	2,097,537	37,464,679
CARRYING VALUE							
At 31 December 2020	1,568,785	9,659,017	8,077,400	16,500,121	28,814,869	896,029	65,516,221
At 31 December 2019	1,119,108	4,837,424	2,472,189	13,721,899	22,158,945	684,885	44,995,450

23. PROPERTY, PLANT AND EQUIPMENT (Continued)

The following estimated useful lives are used for the depreciation of property, plant and equipment, other than freehold land:

Buildings	10 to 30 years
Railway structures	10 to 25 years
Plant, machinery and equipment	2.5 to 25 years
Transportation equipment	6 to 40 years

Transportation equipment includes vessels, harbor works and crafts which are depreciated over the estimated useful lives of 6 and 40 years respectively.

The mining structures include the main and auxiliary mine shafts and underground tunnels. Depreciation is provided to write off the cost of the mining structures using the units of production method based on the estimated production volume for which the structure was designed and the contractual period of the relevant mining rights.

At 31 December 2020, property, plant and equipment with carrying amount of approximately RMB2,623,374,000 (2019: RMB7,453,220,000) have been pledged to secure bank borrowings of the Group.

23a) INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Transfer from property, plant and equipment	520,852
Acquisition of subsidiaries	740,043
Increase in fair value	128,268
At 31 December 2020	1,389,163

All of the Group's investment properties are situated in Mainland China.

The fair value of the Group's investment properties at 31 December 2020 have been arrived at on the basis of a valuation carried out on that date by 山東中新資產評估有限公司(Shangdong Zhongxin Assets Appraisal Company Limited*), independent qualified professional valuers not connected with the Group.

The valuation was arrived at by reference to market evidence of transaction prices and rentals for similar properties in the similar locations and conditions. Details of valuation techniques and assumptions are discussed below. In estimating the fair value of the property, the highest and best use of the property is its current use.

* *For identification only*

23a) INVESTMENT PROPERTIES (Continued)

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable and the information about how the valuation has reached and the use of significant unobservable inputs are as follows:

	Fair value hierarchy	Fair value as at 31 December 2020	Valuation technique and key inputs	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Commercial investment properties	Level 3	RMB1,389,163,000 (2019: N/A)	Market Comparison Approach – By reference to recent selling price of comparable properties and adjusted to reflect the time, size and location	Adjusted market price	RMB11,000 to RMB52,000 (2019: N/A) per square meter	The higher the adjusted market price, the higher the fair value

24. LEASES

(i) Right-of-use assets

	2020 RMB'000	2019 RMB'000
Buildings	**5,113**	8,479
Land use right	**3,621,137**	1,332,910
Plant, machinery and equipment	**1,739,249**	398,049
At 31 December	**5,365,499**	1,739,438

As at 31 December 2020, right-of-use assets of approximately RMB3,621,157,000 represents land use rights located in the PRC (2019: RMB1,332,910,000).

In addition, the Group has lease arrangements for buildings and plant, machinery and equipment. The lease terms are generally ranged from two to five years.

In respect of lease arrangement for renting certain production equipments, the Group has options to purchase the production equipments at a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Additions to the right-of-use assets for the year ended 31 December 2020 amounted to RMB1,575,553,000, due to new lease arrangements of land use right and, plant, machinery and equipment (2019: RMB136,404,000).

24. LEASES (Continued)

(ii) Lease liabilities

	2020 RMB'000	2019 RMB'000
Non-current	**1,634,000**	328,072
Current	**955,963**	156,852
	2,589,963	484,924

Amounts payable under lease liabilities	2020 RMB'000	2019 RMB'000
Within one year	**955,963**	156,852
After one year but within two years	**500,000**	153,969
After two years but within five years	**1,134,000**	174,103
	2,589,963	484,924
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(955,963)**	(156,852)
Amount due for settlement after 12 months	**1,634,000**	328,072

During the year ended 31 December 2020, the Group entered into a number of new leases agreements in respect of renting plant, machinery and equipment and recognised lease liability of RMB1,575,553,000 (2019: RMB98,304,000).

(iii) Amounts recognised in profit or loss

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Depreciation expense on right-of-use assets	**240,434**	212,027
Interest expense on lease liabilities	**74,084**	33,894
Expense relating to short-term leases	**205,436**	115,398

(iv) Other

During the year ended 31 December 2020, the total cash outflow for leases amounted to RMB718,695,000 (2019: RMB339,090,000).

25. GOODWILL

	2020 RMB'000	2019 RMB'000
NET CARRYING VALUE		
At 1 January	**1,655,090**	1,651,211
Addition	**90,426**	–
Exchange re-alignment	**8,633**	3,879
At 31 December	**1,754,149**	1,655,090

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	At 31 December	
	2020 RMB'000	2019 RMB'000
Mining		
– Jining II	**10,106**	10,106
– Shandong Yanmei Shipping Co., Ltd	**10,046**	10,046
– Heze	**35,645**	35,645
– Shanxi Group	**145,613**	145,613
– Yancoal Resources	**307,756**	299,700
– Syntech	**20,344**	19,767
– Premier Coal and Wesfarmers Char	**12,652**	12,293
– Xintai	**653,837**	653,837
– Beisu and Yangcun	**712,214**	712,214
Coal Railway Transportation		
– Railway Assets	**97,240**	97,240
Electricity and heat supply		
– Hua Ju Energy	**239,879**	239,879
Machinery manufacturing		
– Donghua	**409,204**	409,204
Others		
– Yankuang Finance	**16,966**	16,966
– 東方盛隆	**14,859**	–
– 上海東江	**75,567**	–
Impairment loss	**(1,007,779)**	(1,007,420)
	1,754,149	1,655,090

25. GOODWILL (Continued)

Business performance is reviewed by management on an individual business unit basis. In particular, each mine is considered to be a separate cash generating unit.

For the impairment testing of goodwill, the recoverable amounts of the cash generating units have been determined on the basis of value-in-use calculations. Value-in-use has been determined using a discounted cash flows model. Cash flow projections during the budget period are based on the budgeted revenue and expected gross margins during the budget period and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development. The future cash flows are highly dependent on the following unobservable inputs: forecast sales volumes and forecasted selling prices.

In determining each of the key inputs, management has used external sources of information and utilised the expertise of external consultants and experts within the Group to validate entity specific assumptions such as mining reserves and mining resources. Furthermore, in estimating future coal prices, the Group receives long term forecast coal price data from multiple externally verifiable sources when determining its coal price forecasts, making adjustments for specific coal quality factors. The long term forecast exchange rate is based on externally verifiable sources. Production and capital costs are based on the Group's estimate of forecasted geological conditions, stage of existing plant and equipment and future production levels. This information is obtained from internally maintained budgets, the five year business plan, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The cash flow model was based on financial budgets approved by management covering a 5-year period with an assumption of pre-tax discount rate of ranged from 8% to 12% (2019: 13% to 16%). It represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset. Externally verifiable data received by the Group validates this assumption. The recoverable amount is also dependent on the estimated lives of mines ranged from 4 to 40 years (2019: 4 to 38 years). This is calculated based on the Group's annual coal production forecast for each mine and mining reserves and mining resources. The cash flows beyond the 5-year period are extrapolated using a zero percent growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the above units to exceed the recoverable amount of each of the above units.

No impairment of goodwill is required to be recognised for the years ended 31 December 2020 and 2019.

26. CONSTRUCTION IN PROGRESS

	RMB'000
COST	
At 1 January 2019	10,896,287
Exchange re-alignment	16,990
Additions	6,554,580
Transfer to property, plant and equipment	(1,179,456)
At 31 December 2019 and 1 January 2020	16,288,401
Exchange re-alignment	20,818
Additions	2,462,361
Acquisition of subsidiaries	4,159,674
Transfer to property, plant and equipment	(2,295,295)
At 31 December 2020	20,635,959

For the year ended 31 December 2020, the capitalised interest expense amounted to RMB425,679,000 (2019: RMB378,009,000). The annual interest rates used to determine the capitalised amount in 2020 are 4.35% to 6% (2019: 4.75% to 6%).

27. INTERESTS IN ASSOCIATES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of investments in associates	**13,488,495**	12,810,183
Share of post-acquisition profit and other comprehensive income, net of dividends	**5,097,819**	4,305,256
	18,586,314	17,115,439
Less: impairment	**(6,158)**	–
Carrying amount	**18,580,156**	17,115,439

27. INTERESTS IN ASSOCIATES (Continued)

Information of major associates is as follows:

Name of associate	Place of establishment and operation	Class of shares held	Principal activity	Interest held at 31 December 2020	2019
Huadian Zouxian Power Generation Company Limited ("Huandian Zouxian") (note (i))	PRC	Registered capital	Electricity generation business	30%	30%
Shaanxi Future Energy Chemical Corp. Ltd ("Shaanxi Future Energy")	PRC	Registered capital	Production and sales of chemical products, oil and coal	Note (ii)	24.66%
Shandong Shengyang Wood Co., Ltd	PRC	Registered capital	Artificial board, CCF processing	39.77%	39.77%
Jiemei Wall Materials Co., Limited	PRC	Registered capital	Coal refuse baked brick	20%	20%
Newcastle Coal Infrastructure Group Pty Ltd	Australia	Ordinary shares	Coal terminal	27%	27%
Shanghai CIFCO Futures Co., Limited	PRC	Registered capital	Trading and consultation futures	33%	33%
Watagan Mining Company Pty Limited ("Watagan")	Australia	Ordinary shares	Coal Mining and sales	Note (vi)	100%
Qilu Bank Co., Ltd. ("Qilu Bank") (note (iii))	PRC	Registered capital	Financial services	8.67%	8.67%
內蒙古伊泰准東鐵路有限責任公司("伊泰")	PRC	Registered capital	Railway construction and transportation	25%	25%
兗礦售電有限公司	PRC	Registered capital	Sales of electricity	25%	25%
Port Waratah Coal Services Ltd ("PWCS")	Australia	Ordinary shares	Provision of coal receivable, blending, stockpiling and ship loading service	30%	30%
Zheshang Bank (note (iii),(iv))	PRC	Registered capital	Financial services	4.39%	4.39%
Linshang Bank (note (iii))	PRC	Registered capital	Financial services	19.75%	19.75%
Shandong Yancoal Property Service Company Limited ("Yancoal Property Service")	PRC	Registered capital	Property management, garden greening engineering, sewage treatment and rental housing agency service	35%	35%

All of the above associates have been accounted for using equity method in the consolidated financial statements. Except for 伊泰,兗礦售電有限公司, Newcastle Coal Infrastructure Group Pty Ltd, Watagan, PWCS, Yancoal Property Service and Linshang Bank which are indirectly held by the Company, all associates are held by the Company directly. The interests held disclosed above for Newcastle Coal Infrastructure Group Pty Ltd, Watagan and PWCS represented the equity interests held by Yancoal Australia.

(i) Huadian Zouxian is a strategic partner of the Group.

(ii) Shaanxi Future Energy is a strategic partner to develop future energy business of the Group. During the year ended 31 December 2020, the Company acquired additional interest in Shaanxi Future Energy and Shannxi Future Energy became a subsidiary of the Group thereafter. The Group recognised a gain on remeasurement of the interests previouly held in Shaanxi Future Energy of RMB1,664,006,000 (note 10). Details of such are set out in note 47(C).

27. INTERESTS IN ASSOCIATES (Continued)

(iii) The Group considered that it has the practical ability to exercise significant influence on the associates even though it owns less than 20% of the ownership interest and voting right and take into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation or right to appoint/nominate directors on the board of directors of the associates; and 3) the rights to participate in the policy-making process, including dividends and other distribution.

(iv) On 26 November 2019, Zheshang Bank issued 2,550,000,000 A Shares. Following the completion of the subscription, the Group's interest in Zheshang Bank was decreased from 4.99% to 4.39%.

(v) On 31 March 2019, the Group sold all of its interest in Haichang for a cash consideration of approximately RMB784,560,000 to an independent third party, resulting in a gain of RMB101 million (note 10).

(vi) On 18 February 2016, Yancoal Australia executed a bond subscription agreement, together with other agreements (the "Watagan Agreements") that, on completion, transferred the Group's interest in three of its 100% owned coal mines to Watagan for a purchase price of approximately AUD1.3 billion.

On completion, under the terms of the Watagan Agreements, it was determined that upon issuance of the bonds, Yancoal Australia lost control of Watagan. These powers were transferred to the bondholders under the terms of the Watagan Agreements as the Bondholders will be given control of Watagan's board of directors via appointment of the majority of directors.

Given the Group maintains one seat on the Watagan board and has ongoing involvement under the terms of the Watagan Agreements, the Group was determined to have significant influence over Watagan. As a result, the Group equity accounts for its interests in Watagan thereafter.

As stipulated in the Watagan Agreements, the bondholders were granted a put option to transfer the bonds to the Parent Company. On 4 January 2019, one of the bondholders exercised its right and put US$200 million of bonds to the Parent Company. As a consequence, the Parent Company became a bondholder. As the put bond represented less than 50.1% of the face value of the bonds, Yancoal Australia had not regained accounting control of Watagan. Accordingly, the Group continues to equity account for its interest in Watagan.

On 16 December 2020, Yancoal Australia announced that a commercial arrangement had been entered into between Yankuang HK, a wholly owned subsidiary of the Parent Company and the other two Bondholders. This arrangement includes an agreement that the remaining US$575 million bonds will be put to the Parent Company, with completion of the transfer of the bonds to Yankuang HK due to occur on 31 March 2021 (or such earlier date as the Parent Company may nominate). The bondholders have also agreed with the Parent Company that their nominated directors stepped down from the Watagan Board with effect from 16 December 2020. The resignation of the directors of Watagan nominated by the Bondholders resulted in Yancoal Australia regaining accounting control of Watagan from that date. This change in accounting control resulted in Yancoal Australia ceasing to equity account for its 100% equity interest in Watagan as an associate and reconsolidate the assets, liabilities and results of Watagan as a subsidiary from 16 December 2020.

Further details of the reconsolidation were set out in note 47(B).

27. INTERESTS IN ASSOCIATES (Continued)

Except for Qilu Bank and Zheshang Bank, all of the associates are private companies whose quoted market price is not available. As at 31 December 2020, the fair value of the shares of Qilu Bank and Zheshang Bank held by the Group at 31 December 2020 were approximately RMB1,125,558,000 (2019: RMB1,182,729,000) and RMB2,969,930,000 (2019: RMB3,401,682,000) respectively.

Summarised financial information in respect of the Group's material associates is set out below:

	Huadian Zouxian		Shaanxi Future Energy		Qilu Bank	
	2020	2019	**2020***	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current assets	**197,241**	236,415	**N/A**	1,974,766	**Note (i)**	301,905,062
Non-current assets	**4,136,538**	4,221,928	**N/A**	17,941,924	**Note (i)**	5,615,242
Current liabilities	**(696,226)**	(1,025,774)	**N/A**	(2,636,522)	**Note (i)**	(241,650,282)
Non-current liabilities	**(100,000)**	–	**N/A**	(5,960,000)	**Note (i)**	(43,213,634)
Revenue	**3,277,387**	3,280,600	**9,334,720**	8,753,118	**Note (i)**	7,407,192
Profit for the year	**154,252**	54,743	**2,020,361**	2,299,965	**Note (i)**	2,307,068
Other comprehensive income (expense) for the year	**–**	–	**(3,896)**	–	**Note (i)**	187,416
Total comprehensive income (expense) for the year	**154,252**	54,743	**2,016,465**	2,299,965	**Note (i)**	2,494,484
Dividend shared by the Group and received from the associate during the year	**14,782**	88,132	**–**	424,000	**Note (i)**	56,099

* The amounts presented were amounts from 1 January 2020 to the date Shaanxi Future Energy became a subsidiary of the Group.

	伊泰	
	2020	2019
	RMB'000	RMB'000
Current assets	**259,714**	1,073,704
Non-current assets	**11,860,438**	6,175,816
Current liabilities	**(636,532)**	(792,498)
Non-current liabilities	**(2,947,669)**	(874,426)
Revenue	**1,552,250**	1,685,865
Profit for the year	**199,592**	587,381
Other comprehensive income for the year	**(3,775)**	–
Total comprehensive income for the year	**195,817**	587,381
Dividend shared by the Group and received from the associate during the year	**–**	–

	Zheshang Bank		Linshang Bank	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current assets	**Note (i)**	1,739,001,780	**100,630,247**	83,203,822
Non-current assets	**Note (i)**	61,784,087	**7,314,639**	5,092,865
Current liabilities	**Note (i)**	(1,449,773,690)	**(96,109,135)**	(78,774,486)
Non-current liabilities	**Note (i)**	(222,984,508)	**(3,258,793)**	(1,575,037)
Revenue	**Note (i)**	46,447,109	**2,862,288**	2,489,394
Profit for the year	**Note (i)**	13,142,983	**456,117**	430,323
Other comprehensive income (expense) for the year	**Note (i)**	878,612	**–**	(5,591)
Total comprehensive income for the year	**Note (i)**	14,021,595	**456,117**	424,732
Dividend shared by the Group and received from the associate during the year	**Note (i)**	–	**–**	–

27. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates in respect of material associates recognised in the consolidated financial statements:

	Huadian Zouxian		Shaanxi Future Energy		Qilu Bank	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Net assets of the associate attributable to owners	**3,537,553**	3,432,569	**N/A**	11,305,468	**Note (i)**	20,462,638
Proportion of the Group's ownership interest	**30%**	30%	**N/A**	25%	**8.67%**	8.67%
Carrying amount of the Group's interest in the associate	**1,061,266**	1,029,771	**N/A**	2,826,367	**Note (i)**	1,797,674

	伊泰	
	2020	2019
	RMB'000	RMB'000
Net assets of the associate attributable to owners	**8,535,951**	5,582,596
Proportion of the Group's ownership interest	**25%**	25%
Carrying amount of the Group's interest in the associate	**2,133,988**	2,177,991

	Zheshang Bank		Linshang Bank	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Net assets of the associate attributable to owners	**Note (i)**	111,288,747	**8,576,958**	7,947,164
Proportion of the Group's ownership interest	**4.39%**	4.39%	**19.75%**	19.75%
Carrying amount of the Group's interest in the associate	**Note (i)**	5,185,673	**1,693,949**	2,247,035

Note (i): Qilu Bank and Zheshang Bank are public companies traded on the National SME Equity Transfer System and Hong Kong Stock Exchange respectively. They are the material associates of the Group. Since the audited results of Qilu Bank and Zheshang Bank for the year ended 31 December 2020 were not yet publicly available when these consolidated financial statements were approved, the relevant financial information of Qilu Bank and Zheshang Bank were not presented.

Aggregate information of other associates that are not individually material or not separately disclosed above.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income	**1,242,264***	107,998
Aggregate carrying amount of the Group's interests in these associates	**13,690,953***	1,850,928

* Included those of Qilu Bank and Zheshang Bank.

28. LONG-TERM RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
– Loan receivables (i)	**1,838,191**	1,380,012
– Less: impairment loss recognised	**(74,668)**	(24,161)
	1,763,523	1,355,851
Non-current assets		
– Loan to an associate (ii)	-	4,398,756
– Loan to joint venture (iii)	**676,085**	989,901
– Loan receivables (i)	**2,548,321**	1,842,932
– Others (iv)	**1,683,345**	1,740,804
– Less: impairment loss recognised (iv)	**(187,421)**	(210,193)
	4,720,330	8,762,200
	6,483,853	10,118,051

(i) The loan receivables carry interest at 5.22% to 7.5% (2019: 5.22% to 7.5%) per annum and are secured by the machinery of the borrowers.

(ii) Loan to an associate as at 31 December 2019 represented an unsecured loan to Watagan of AUD900,590,879 (equivalent to approximately RMB4,398,756,000). The loan bearing interest of Bank Bill Swap Bid Rate ("BBSY") plus 7.06% per annum with a maturity date of 1 April 2025. Such loan was guaranteed by the Parent Company.

On 16 December 2020, the amount was eliminated upon the reconsolidation of Watagan (note 47(B)).

(iii) Loan to a joint venture represented an unsecured interest-free loan to Middlemount Joint Venture of AUD134,778,000 (equivalent to approximately RMB676,085,000) (2019: AUD203,000,000 (equivalent to approximately RMB989,901,000)) that are not repayable within 12 months from the end of the reporting period.

During the years ended 31 December 2020 and 2019, in determining the ECL for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties as well as the future prospects of the industries in which the debtors operate obtained from available market data considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

28. LONG-TERM RECEIVABLES (Continued)

As at 31 December 2019, due to the deterioration in the current and forecast operating results of Watagan, there had been a significant increase in credit risk of the loan at the reporting date compared to the credit risk at inception of the loan. On this basis, the Group has accounted for the ECL calculation for the Watagan loan at an allowance for lifetime ECL. The directors of the Company considered that the enforceability of the guarantee provided by the Parent Company as well as the financial position of the Parent Company, that there is no expected credit loss on the loan to Watagan as at 31 December 2019.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these receivables.

An analysis of the gross amount of long-term receivables is as follows:

	12-month ECL RMB'000	**Lifetime ECL RMB'000**	**Lifetime ECL – credit impaired RMB'000**	**Total RMB'000**
Gross amount as at 31 December 2020				
– Performing	**4,193,113**	**–**	**–**	**4,193,113**
– Doubtful	**–**	**2,132,520**	**–**	**2,132,520**
– Default	**–**	**–**	**420,309**	**420,309**
	4,193,113	**2,132,520**	**420,309**	**6,745,942**

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
Gross amount as at 31 December 2019				
– Performing	5,402,693	–	–	5,402,693
– Doubtful	–	4,801,316	–	4,801,316
– Default	–	–	148,396	148,396
	5,402,693	4,801,316	148,396	10,352,405

The movements in the impairment allowance for the long-term receivables during the year are as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
At 1 January 2019	94,119	91,030	11,781	196,930
Provided for the year	10,207	1,561	72,110	83,878
Impairment loss reversed	(46,454)	–	–	(46,454)
At 31 December 2019 and 1 January 2020	57,872	92,591	83,891	234,354
Provided for the year	20,354	35,841	131,754	187,949
Impairment loss reversed	(22,871)	(89,087)	(48,256)	(160,214)
At 31 December 2020	55,355	39,345	167,389	262,089

29. DEPOSITS MADE ON INVESTMENTS

	At 31 December 2020 RMB'000	2019 RMB'000
Deposits made on investments (note)	**178,055**	117,926

Note: The above deposits mainly represent a co-operative agreement entered into by the Group in 2016 with two independent third parties to establish a company for acquiring a coal mine in Shaanxi province for operations. The Group will have to invest approximately RMB196,800,000 in order to obtain 41% equity interests. As at 31 December 2020, the Group made a deposit of RMB117,926,000 (2019: RMB117,926,000) in relation to this acquisition. As at 31 December 2020, the relevant registration procedures to establish the new company are still in progress, and the establishment has not yet been completed.

30. INTERESTS IN JOINT VENTURES

	At 31 December 2020 RMB'000	2019 RMB'000
Share of net assets	**445,411**	518,956

Name of joint venture	Place of establishment and operation	Class of shares held	Principal activity	At 31 December 2020 Voting power	2020 Interest held	2019 Voting power	2019 Interest Held
Australian Coal Processing Holdings Pty Ltd (i)	Australia	Ordinary shares	Investment Holding	50%	90%	50%	90%
Middlemount Joint Venture (i)	Australia	Ordinary shares	Coal mining and sales	50%	50%	50%	50%
Sheng Di Finlay Coal Processing Technology (Tianjin) Co., Ltd	PRC	Registered capital	Consultancy services for deep preprocess technology	50%	50%	50%	50%

The joint ventures are accounted for using equity method in the consolidated financial statements. All of the joint ventures are private companies and are not individually material to the Group.

Note (i): The interests held disclosed above represented the interests held by the Group through Yancoal Australia.

31. INTERESTS IN JOINT OPERATIONS

Information on major joint operations is as follows:

Name of joint operation	Place of establishment and operation	Principal activity	At 31 December 2020 Interest held	At 31 December 2019 Interest held
Boonal joint operation	Australia	Provision of a coal haul road and train load out facilities	**50%**	50%
Moolarben joint operation	Australia	Development and operation of open-cut and underground coal mines	**95% (Note (i))**	85%
Hunter Valley Australia Operation	Australia	Underground coal mines	**51%**	51%
Warkworth Coal Sales Pty Ltd	Australia	Development and operation of open-cut mines	**84.5%**	84.5%
Mount Thorley Joint Venture	Australia	Development and operation of open-cut mines	**80%**	80%

The above joint operations are established and operated as unincorporated businesses and are held indirectly by the Company. The interest held disclosed above represented the interest held by Yancoal Australia.

Note (i): During the current year, the Group acquired further 10% interest in Moolarben. Further details of such are set out in note 47(A).

32. INVESTMENTS IN SECURITIES

	At 31 December 2020 RMB'000	2019 RMB'000
Financial assets at FVTPL		
Unlisted equity securities, at fair value (i)	**429,587**	152,097
Financial assets at FVTOCI		
Equity securities listed on the SSE, at fair value (ii)	**386**	350
Unlisted equity securities, at fair value (i)	**14,640**	4,273
	15,026	4,623
	444,613	156,720

32. INVESTMENTS IN SECURITIES (Continued)

(i) These unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. Part of these investments in equity instruments, amounting to approximately RMB14,640,000 (2019: RMB4,273,000), are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The remaining investments of approximately RMB429,587,000 (2019: RMB152,097,000) are classified and measured as at FVTPL.

(ii) As at 31 December 2020 and 2019, the investments in equity securities listed on the Shanghai Stock Exchange (the "SSE") are carried at fair value which are determined based on the quoted market prices in active market.

33. ASSETS CLASSIFIED AS HELD FOR SALE

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Land held for sale	**8,578**	217,644

The balance at 31 December 2020 and 2019 represented parcels of freehold non-mining land that is held for future sale in Australia.

34. BILLS AND ACCOUNTS PAYABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Accounts payable	**11,930,944**	10,024,399
Bills payable	**9,881,190**	9,092,259
	21,812,134	19,116,658

34. BILLS AND ACCOUNTS PAYABLES (Continued)

The following is an aged analysis of bills and accounts payable based on the invoice dates at the reporting date:

	At 31 December	
	2020 RMB'000	2019 RMB'000
0 – 90 days	**16,753,871**	15,611,872
91 – 180 days	**1,593,665**	1,377,383
181 – 365 days	**1,494,061**	1,285,558
Over 1 year	**1,970,537**	841,845
	21,812,134	19,116,658

The average credit period for accounts payable and bills payable is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

35. OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

Other payables and accrued expenses

	At 31 December	
	2020 RMB'000	2019 RMB'000
Accrued staff costs	**1,751,767**	1,453,978
Other taxes payable	**728,787**	468,177
Payables in respect of purchases of property, plant and equipment and construction materials	**48,429**	195,615
Security deposits received	**558,707**	390,615
Deposits received from customers in relation to financing business	**18,699,588**	17,846,659
Interest payable	**1,625,981**	462,144
Dividends payable	**15,422**	1,919,666
Payables for acquisition of subsidiaries/associates	**11,590,710**	304,063
Others	**6,780,934**	3,757,457
	41,800,325	26,798,374

	2020 RMB'000	2019 RMB'000
Contract liabilities	**3,176,540**	2,717,475

Contract liabilities include advances received to deliver goods and advances received to render transportation services. The increase in contract liabilities was in line with the increase in sales transactions and more deposits are received in 2020.

Revenue recognised during the year ended 31 December 2020 that was included in the contract liabilities as at 31 December 2019 is RMB2,599,694,000 (2019: RMB2,207,641,000). There was no revenue recognised that related to performance obligations that were satisfied in prior year.

36. PROVISION FOR LAND SUBSIDENCE, RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

	2020	2019
	RMB'000	RMB'000
Balance at 1 January	**2,042,722**	3,752,230
Exchange re-alignment	**72,231**	74,128
Additional provision in the year	**328,410**	492,872
Acquisiton of subsidiaries	**1,063,914**	–
Utilisation of provision	**(84,028)**	(2,276,508)
Balance at 31 December	**3,423,249**	2,042,722
Presented as:		
Current portion	**13,129**	50,940
Non-current portion	**3,410,120**	1,991,782
	3,423,249	2,042,722

Provision for land subsidence, restoration, rehabilitation and environmental costs has been determined by the management of the Group based on their best estimates. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near term.

37. PROVISION

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current provision		
– Take or pay provision (note (i))	**39,353**	32,961
– Onerous contract provision (note (ii))	**21,761**	21,407
	61,114	54,368
Non-current provision		
– Take or pay provision (note (i))	**28,726**	104,604
– Onerous contract provision (note (ii))	**214,470**	228,910
– Employee benefits (note (iii))	**474,856**	420,482
– Others	**329,728**	337,644
	1,047,780	1,091,640
	1,108,894	1,146,008

37. PROVISION (Continued)

Notes:

(i) Take or pay provision, which arose from business combination in prior years, is the assessment of forecast excess capacity for port and rail contracts. A provision was recognised for the discounted estimated excess capacity. The provision is released to profit or loss over the period in which excess capacity is realised.

(ii) The onerous contract provision is the assessment of a coal supply and transportation agreement to supply coal at below market prices. A provision was recognised for the discounted estimated variance between contract and market prices. The provision has a finite life and are released to profit or loss over the contract term.

(iii) The balance mainly included provision for long-term employee entitlements and other employee incentives.

38. BORROWINGS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	**12,456,628**	8,750,202
– Secured borrowings (ii)	**12,249,127**	4,458,453
Guaranteed notes (iii)	**6,676,371**	2,998,800
	31,382,126	16,207,455
Non-current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	**17,677,720**	16,711,000
– Secured borrowings (ii)	**17,235,721**	17,889,763
Guaranteed notes (iii)	**16,011,427**	14,567,273
Corporate bonds (iv)	**9,955,950**	–
	60,880,818	49,168,036
Total borrowings	**92,262,944**	65,375,491

38. BORROWINGS (Continued)

(i) Unsecured borrowings are repayable as follows:

	At 31 December 2020 RMB'000	2019 RMB'000
Within one year	**12,456,628**	8,750,202
More than one year, but not exceeding two years	**6,871,720**	2,828,000
More than two years, but not exceeding five years	**7,806,000**	4,883,000
More than five years	**3,000,000**	9,000,000
	30,134,348	25,461,202

At 31 December 2020, included in unsecured borrowings are short-term borrowings amounting to approximately RMB11,321,728,000 (2019: RMB7,624,000,000) which carrying interest at 3.55% to 4.35% per annum (2019: 3.43% to 5.00% per annum). In addition, included in short-term borrowings are foreign currency borrowings of approximately RMB562,728,000 (USD86,245,000) (2019: approximately RMB145,002,000 (USD54,599,000)) carrying interest at 4.00% to 5.00% (2019: 3.43% to 3.90%).

Long-term borrowings of the Group amounting to approximately RMB18,812,620,000 (2019: RMB17,837,202,000) carrying interest at 3.70% to 5.9% per annum (2019: 4.51% to 5.9% per annum).

(ii) Secured borrowings are repayable as follows:

	At 31 December 2020 RMB'000	2019 RMB'000
Within one year	**12,249,127**	4,458,453
More than one year, but not exceeding two years	**3,357,546**	9,573,642
More than two years, but not exceeding five years	**11,875,108**	8,206,921
More than five years	**2,003,067**	109,200
Total	**29,484,848**	22,348,216

38. BORROWINGS (Continued)

(ii) Secured borrowings are repayable as follows: (Continued)

At 31 December 2020, secured borrowings of Yancoal Australia were amounting to RMB10,119,253,000 (approximately USD1,553,695,000) (2019: RMB10,939,244,000 (approximately USD1,575,000,000)). Such borrowings carried interest at three-month LIBOR plus a margin of 3.1% or six-month LIBOR plus a margin of 2.75% (2019: three-month LIBOR plus a margin of 3.25% or six-month LIBOR plus a margin of 2.75%) per annum, approximately 4.8% (2019: 4.96% to 5.24%) per annum as at 31 December 2020.

As at 31 December 2020, the secured borrowings of Yancoal International were amounting to approximately RMB3,523,446,000 (approximately USD540,000,000) (2019: RMB2,304,347,000 (approximately USD330,228,000)) which carried interest at 1.24% to 2.2% (2019: 2.74% to 4.58%) per annum.

At 31 December 2020, secured borrowings of Premier Coal Limited and Premier Holdings Pty., Ltd., were amounted to RMB134,267,000 (AUD26,766,000) (2019: RMB109,199,000 (AUD22,357,000)) which carried interest at 8.7% (2019: 8.7%) per annum.

Other than the above, at 31 December 2020, secured borrowings of the Group amounting to RMB15,707,882,000 (2019: RMB8,995,426,000) of which RMB4,301,459,000 (USD659,237,000) (2019: RMB5,772,042,000 (approximately USD827,143,000)) and nil (2019: RMB3,254,000 (EUR385,000)) were denominated in foreign currency. Such borrowings carried interest at 0.72% to 8.00% (2019: 12-months LRP plus a margin of 0.4% per annum or at fixed rate of 2.65% to 6.00%) per annum.

As at 31 December 2020 and 2019, certain of the borrowings of the Group were secured by the Group's interests in certain overseas subsidiaries and joint operations.

38. BORROWINGS (Continued)

(iii) Guaranteed notes are detailed as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Guaranteed notes denominated in RMB repayable within one year	**4,496,625**	2,998,800
Guaranteed notes denominated in USD repayable within one year	**2,179,746**	–
Guaranteed notes denominated in RMB repayable within one to two years	**3,994,000**	–
Guaranteed notes denominated in USD repayable within one to two years	**678,328**	–
Guaranteed notes denominated in RMB repayable within two to five years	**3,040,342**	11,518,666
Guaranteed notes denominated in USD repayable within two to five years	**8,298,757**	3,048,607
	22,687,798	17,566,073

On 16 May 2012, USD guaranteed notes with par value of USD1,000,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2020, guaranteed notes with par value of USD103,954,000 (approximately RMB678,328,000) (2019: USD103,954,000 (approximately RMB725,204,000)) will mature in 2022 with interest rate of 5.730% per annum. The notes are unconditionally secured by the Company and the respective security is non-cancellable.

In 2012, with the approval from China Securities Regulatory Commission, the Company had issued RMB notes with aggregate par value of RMB5,000,000,000 to the public and institutional investors. An unconditional and irrecoverable corporate guarantee was provided by the Parent Company on the RMB notes. At 31 December 2020, RMB notes of RMB3,994,000,000 (2019: RMB3,990,000,000) will mature in 2022 with interest rate of 4.95% per annum.

In 2014, with the approval from China Securities Regulatory Commission, the Company was allowed to issue 10-year RMB notes at RMB3,050,000,000 with interest rate of 6.15% per annum. At 31 December 2020, 10-year notes amounted to RMB3,040,342,000 (2019: RMB3,037,291,000) respectively.

In 2018, the Company issued two tranches medium-term notes at par value of RMB4,500,000,000 which will mature in 2021 at an average interest rate ranging from 4.39% to 4.89% per annum. As at 31 December 2020, the remaining amount of medium-term notes is RMB4,496,625,000 (2019: RMB4,491,375,000).

38. BORROWINGS (Continued)

(iii) Guaranteed notes are detailed as follows: (Continued)

In November 2018, USD guaranteed notes with par value of USD335,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2020, guaranteed notes with par value of USD335,000,000 (approximately RMB2,179,746,000) (2019: USD335,000,000 (approximately RMB2,323,403,000)) will mature in 2021 with interest rate of 6% per annum. The notes are unconditionally guaranteed by the Company.

In 2019, the Company issued three tranches short-term notes at par value of RMB8,000,000,000 with 3 months to 9 months maturity at an average interest rate ranging from 2.98% to 3.35% per annum. In 2019, such short-terms notes with par value of RMB5,000,000,000 were redeemed by the Company. As at 31 December 2019, the remaining amount of short-term notes is RMB2,998,800,000 which were fully redeemed by the Company in 2020.

In 2020, the Company issued three tranches short-term notes at par value of RMB5,500,000,000 with 3 months to 9 months maturity at an average interest rate ranging from 1.80% to 2.85% per annum. In 2020, such short-terms notes with par value of RMB5,500,000,000 were fully redeemed by the Company.

In November 2020, USD guaranteed notes with par value of USD500,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2020, guaranteed notes with par value of USD500,000,000 (approximately RMB3,241,960,000) will mature in 2023 with interest rate of 3.5% per annum. The notes are unconditionally guaranteed by Yancoal Australia.

On 16 December 2020, USD guaranteed notes with par value of USD775,000,000 in aggregate which were issued on 31 March 2016 was consolidated upon reconsolidation of Watagan (note 47(B)). As at 31 December 2020, guaranteed notes with par value of USD775,000,000 (approximately RMB5,056,797,000) will mature in 2025 with interest rate 7.5% per annum. The notes are unconditionally guaranteed by Yancoal Australia.

(iv) Corporate bonds are detailed as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Bonds denominated in RMB repayable within two to five years	**7,974,450**	–
Bonds denominated in RMB repayable after five years	**1,981,500**	–
	9,955,950	–

In 2020, the Company issued bonds with a total principal amount of RMB10,000,000,000. The first phase of the bonds was issued in March 2020 with an aggregate principal amount of RMB5,000,000,000 in three series: (i) RMB300,000,000 with maturity period of 3 years and annual interest rate of 2.99%; (ii) RMB2,700,000,000 with maturity period of 5 years and annual interest rate of 3.43%; RMB2,000,000,000 with maturity period of 10 years and annual interest rate of 4.29%. The second phase of the bonds was issued in October 2020 with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB3,500,000,000 with maturity period of 3 years and annual interest rate of 3.89%; (ii) RMB1,500,000,000 with maturity period of 5 years and annual interest rate of 4.27%. The bonds are unsecured. As at 31 December 2020, the aggregate outstanding principal amount of bonds is RMB10,000,000,000.

39. DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current asset		
Derivatives not for hedge		
– Forward foreign exchange contracts	**50,356**	36,114
Current liability		
Derivatives not for hedge		
– Interest rate swaps	**231,971**	148,554

40. LONG-TERM PAYABLES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Intangible assets payable (i)	**2,455,642**	2,347,154
Non-contingent royalty payable	**41,379**	73,266
Others	**424,348**	–
	2,921,369	2,420,420
Analysed for financial reporting purpose:		
Current Portion	**3,174**	4,070
Non-current portion	**2,918,195**	2,416,350
Total	**2,921,369**	2,420,420

Notes:

(i) Intangible assets payable represented the consideration for acquisition of mining rights. The amount is payable by the Group by installments from 2019 to 2049.

41. DEFERRED TAXATION

Deferred tax assets (liabilities) of the Group and the movements thereon for both reporting periods are:

	Financial assets at fair value RMB'000	Mining rights (mining reserves) RMB'000	Temporary differences on income and expenses RMB'000	Tax losses RMB'000	Cash flow hedge reserve RMB'000	Total RMB'000
As at 1 January 2019	(47)	(7,130,045)	1,583,630	3,475,144	608,314	(1,463,004)
Exchange re-alignment	–	(38,308)	15,381	199,511	32,571	209,155
Credit (charge) to other comprehensive income	156	–	–	–	(209,311)	(209,155)
Credit (charge) to the consolidated statement of profit or loss	–	1,743,538	(928,562)	(1,145,578)	–	(330,602)
Balance at 31 December 2019 and 1 January 2020	**109**	**(5,424,815)**	**670,449**	**2,529,077**	**431,574**	**(1,793,606)**
Exchange re-alignment	**–**	**(92,781)**	**23,728**	**59,387**	**58,817**	**49,151**
Acquisitions and business combinations	**–**	**(5,326,410)**	**(85,893)**	**–**	**–**	**(5,412,303)**
Credit (charge) to other comprehensive income	**(3,069)**	**-**	**-**	**-**	**(382,248)**	**(385,317)**
Credit (charge) to the consolidated statement of profit or loss	**–**	**2,388,052**	**(1,472,653)**	**204,859**	**–**	**1,120,258**
Balance at 31 December 2020	**(2,960)**	**(8,455,954)**	**(864,369)**	**2,793,323**	**108,143**	**(6,421,817)**

The temporary differences on income and expenses recognised mainly arose from unpaid provision of salaries and wages, provisions of compensation fees for mining rights and land subsidence, restoration, rehabilitation and environmental costs and also included payments on certain expenses such as exploration costs and certain income in Australia.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2020 RMB'000	2019 RMB'000
Deferred tax assets	**2,037,096**	1,620,590
Deferred tax liabilities	**(8,458,913)**	(3,414,196)
	(6,421,817)	(1,793,606)

At the reporting date, the Group has unused tax losses of approximately RMB13,331 million (2019: RMB12,284 million) available for offset against future profits. RMB2,793 million deferred tax asset has been recognised (2019: RMB2,529 million) for such tax losses. No deferred tax asset has been recognised in respect of tax losses of approximately RMB3,791 million (2019: RMB3,830 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB87 million, RMB920 million, RMB2,029 million, RMB601 million and RMB134 million (2019: RMB78 million, RMB86 million, RMB888 million, RMB2,218 million and RMB560 million) that will be expiring in 2021, 2022, 2023, 2024 and 2025 (2019: 2020, 2021, 2022, 2023 and 2024) respectively.

41. DEFERRED TAXATION (Continued)

By reference to financial budgets, management believes that there will be sufficient future profits for the realisation of deferred tax assets which have been recognised in respect of tax losses.

42. SHAREHOLDERS' EQUITY

Share capital

The Company's share capital structure at the reporting date is as follows:

	Domestic invested shares A shares	Foreign invested shares H shares	Total
Number of shares			
At 1 January 2019, 31 December 2019 and 1 January 2020	2,960,000,000	1,952,016,000	4,912,016,000
Share repurchased (note)	–	(52,016,000)	(52,016,000)
At 31 December 2020	2,960,000,000	1,900,000,000	4,860,000,000

	Domestic invested shares A shares RMB'000	Foreign invested shares H shares RMB'000	Total RMB'000
Registered, issued and fully paid			
At 1 January 2019, 31 December 2019 and 1 January 2020	2,960,000	1,952,016	4,912,016
Share repurchased (note)	–	(52,016)	(52,016)
At 31 December 2020	2,960,000	1,900,000	4,860,000

Each share has a par value of RMB1.

Note: During the year ended 31 December 2020, the Company repurchased 52,016,000 of its own shares. The total amount paid was approximately RMB284,599,000.

42. SHAREHOLDERS' EQUITY

Reserves

Future Development Fund

Pursuant to regulation in the PRC, the Company, Shanxi Tianchi and Heze are required to transfer an annual amount to a future development fund at RMB6 per tonne of raw coal mined (Xintai and Ordos: RMB6.5 per tonne of raw coal mined). The fund can only be used for the future development of the coal mining business and is not available for distribution to shareholders.

From 2008 onwards, Shanxi Tianchi is required to transfer an additional amount at RMB5 per tonne of raw coal mined as coal mine transformation fund. Pursuant to the Shanxi Provincial Government's decision, coal mine transformation fund was suspended since 1 August 2013.

Pursuant to the regulations of the Shandong Province Finance Bureau, State-owned Assets Supervision and Administration Commission of Shandong Province and the Shandong Province Coal Mining Industrial Bureau, the Company is required to transfer an additional amount at RMB5 per tonne of raw coal mined from 1 July 2004 to the reform specific development fund for the future improvement of the mining facilities and is not distributable to shareholders. No further transfer to the reform specific development fund is required from 1 January 2008.

In accordance with the regulations of the State Administration of Work Safety, the Company has a commitment to incur RMB15 per tonne of raw coal mined from 1 February 2012 onwards (Shanxi Tianch RMB30 per tonne of raw coal mined from 1 October 2013 onwards, Xintai and Ordos RMB15 per tonne of raw coal mined from 1 February 2012 onwards) for each tonne of raw coal mined which will be used for enhancement of safety production environment and improvement of facilities ("Work Safety Cost"). In prior years, the work safety expenditures are recognised only when acquiring the assets or incurring other work safety expenditures. The Company, Heze, Shanxi Tianchi, Xintai and Ordos make appropriation to the future development fund in respect of unutilised Work Safety Cost from 2008 onwards.

In accordance with the regulations of the State Administration of Work Safety, the Company's subsidiaries, Hua Ju Energy, Shanxi Tianhao and Yulin, have a commitment to incur Work Safety Cost at the rate of: 4% of the actual sales income for the year below RMB10 million; 2% of the actual sales income for the year between RMB10 million and RMB100 million (included); 0.5% of the actual sales income for the year between RMB100 million and RMB1 billion (included); 0.2% of the actual sales income for the year above RMB1 billion.

42. SHAREHOLDERS' EQUITY (Continued)

Reserves (Continued)

Statutory Common Reserve Fund

The Company and its subsidiaries in the PRC have to set aside 10% of its profit for the statutory common reserve fund (except where the fund has reached 50% of its registered capital). The statutory common reserve fund can be used for the following purposes:

– to make good losses of the previous years; or
– to convert into capital, provided such conversion is approved by a resolution at a shareholders' general meeting and the balance of the statutory common reserve fund does not fall below 25% of the registered capital.

Retained earnings

In accordance with the Company's Articles of Association, the profit for the purpose of appropriation will be deemed to be the lesser of the amounts determined in accordance with (i) PRC accounting standards and regulations and (ii) IFRS or the accounting standards of the places in which its shares are listed.

43. PERPETUAL CAPITAL SECURITIES

	Perpetual capital securities issued by the Company RMB'000 (notes (i) & (ii))	**Perpetual capital securities issued by a subsidiary** RMB'000 (note (iii))	**Total** RMB'000
At 1 January 2019	10,316,444	3,417,351	13,733,795
Dividend to holders of perpetual capital security	580,181	200,566	780,747
Distribution paid to holders of perpetual capital security	(585,014)	(200,566)	(785,580)
At 31 December 2019 and 1 January 2020	**10,311,611**	**3,417,351**	**13,728,962**
Dividend to holders of perpetual capital security	**491,042**	**56,656**	**547,698**
Distribution paid to holders of perpetual capital security	**(584,986)**	**(56,656)**	**(641,642)**
Redemption of perpetual capital security	**(5,000,000)**	**(3,417,351)**	**(8,417,351)**
At 31 December 2020	**5,217,667**	**–**	**5,217,667**

43. PERPETUAL CAPITAL SECURITIES (Continued)

Notes:

(i) The Company issued 5.7% perpetual capital securities with par value RMB5,000,000,000, on 18 August 2017. Coupon payments of 5.7% per annum, which will be reset every 3 years, on the perpetual capital securities are paid in arrears. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity. During the year ended 31 December 2020, the Group has redeemed these perpetual securities at their principal amount.

(ii) The Company issued 6% perpetual capital securities with par value of RMB5,000,000,000 on 26 March 2018. Coupon payments of 6% per annum on the perpetual capital securities are paid once a year. The perpetual capital securities has no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

(iii) On 13 April 2017, Yancoal International Resources Development Co., Limited issued 5.75% perpetual capital securities with par value of USD500,000,000, which is guaranteed by the Company. Coupon payments of 5.75% per annum on the perpetual capital securities are paid semi-annually in arrears. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity. During the year ended 31 December 2020, the Group has redeemed these perpetual securities at their principal amount.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings, perpetual capital securities and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company assess the annual budget prepared by the accounting and treasury department and consider and evaluate the cost of capital and the risks associated with each class of capital. The Group will balance its capital structure through the payment of dividends, issue of new shares and new debts or the repayment of existing debts.

45. FINANCIAL INSTRUMENTS

45a. Categories of financial instruments

	At 31 December 2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at amortised cost	**43,551,584**	55,468,042
Financial assets at FVTOCI		
– Bills receivables	**3,312,609**	3,103,594
– Listed equity instruments at FVTOCI	**386**	350
– Unlisted equity instruments at FVTOCI	**14,640**	4,273
Financial assets at FVTPL		
– Unlisted equity instruments at FVTPL	**429,587**	152,097
– Royalty receivable	**1,107,497**	1,143,090
– Derivative financial instruments	**50,356**	36,114
Financial liabilities		
Financial liabilities at amortised cost	**160,179,457**	114,336,473
Financial liabilities at FVTPL		
– Derivative financial instruments	**231,971**	148,554

45b. Financial risk management objectives and policies

The Group's major financial instruments include investments in securities, bills and accounts receivable, royalty receivables, other receivables, bank balances and cash, pledged term deposits, restricted cash, long-term receivables, derivative financial instruments, bills and accounts payables, other payables, long-term payables, borrowings, amounts due to Parent Company and its subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 54.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group maintains its cash and cash equivalents with reputable banks. Therefore, the directors consider that the credit risk for such is minimal.

The Group generally grants the customers with long-relationship credit terms not exceeding 180 days, depending on the situations of the individual customers. For small to medium sized new customers, the Group generally requires them to pay for the products before delivery/services before rendering.

For accounts and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Bills and accounts receivables	Other financial assets/other items
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL-not credit impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date (refer to as Stage 1)	Lifetime ECL-not credit impaired	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL-not credit impaired	Lifetime ECL-not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL-credit impaired	Lifetime ECL-credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are disclosed in respective notes.

Details of the accounts receivable from the five customers with the largest gross receivable balances at 31 December 2020 and 2019 are as follows:

	Percentage of accounts receivable At 31 December	
	2020	2019
Five largest receivable balances	**14.84%**	30.74%

The management considers the strong financial background and good creditability of these customers, and there is no significant uncovered credit risk.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group's sales are denominated mainly in the functional currency of the relevant group entity making the sale, whilst costs are mainly denominated in the group entity's functional currency. Accordingly, there is no significant exposure to transactional foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities in currencies other than the functional currencies of the relevant group entities at the reporting date are as follows:

	Liabilities		**Assets**	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
USD	**30,529,823**	23,752,429	**7,307,100**	9,857,443
EUR ("EUR")	**–**	3,254,000	**19,693**	18,763
Hong Kong Dollar ("HKD")	**218,831**	–	**425,626**	444,323
Australian Dollar ("AUD")	**–**	–	**9,879**	10,623

The sales of the Group's subsidiaries in Australia are mainly export sales and some of their fixed assets are imported from overseas. Their foreign exchange exposures are hedged by foreign currency denominated borrowings. The Group's operations in the PRC do not adopt any foreign exchange hedging policy.

Sensitivity analysis

The Group is mainly exposed to the fluctuation against the currency of USD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against relevant foreign currencies. 5% represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates and also assumes all other risk variables remained constant.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	USD impact (note (i))	
	2020	2019
	RMB'000	RMB'000
(Decrease) increase in profit		
– if RMB weakens against respective foreign currency	**(169,118)**	(91,553)
– if RMB strengthens against respective foreign currency	**169,118**	91,553

	USD impact (note ii)	
	2020	2019
	RMB'000	RMB'000
(Decrease) increase in profit		
– if AUD weakens against respective foreign currency	**654,952**	400,875
– if AUD strengthens against respective foreign currency	**(654,952)**	(400,875)

Notes:

(i) This is mainly attributable to the exposure of the Group's outstanding bank deposit and loans denominated in USD.

(ii) This is mainly attributable to the exposure of the Group's outstanding bank borrowings in foreign currency designated as cash flow hedge.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged term deposits, restricted cash (note 17) and variable rate borrowings (note 38).

The Group's exposures to interest rate risk on financial assets and financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the PBOC arising from the Group's RMB borrowings and the LIBOR arising from the Group's USD borrowings.

Sensitivity Analysis

The following table details the Group's sensitivity to a change of 100 basis points in the interest rate, assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year and all the variables were held constant.

	2020 **RMB'000**	2019 RMB'000
(Decrease) increase in profit or loss		
– if increases by 100 basis points	**(497,604)**	(151,292)
– if decreases by 100 basis points	**497,604**	151,292

(iii) Other price risk

In addition to the above risks relating to financial instruments, the Group is exposed to equity price risk through investment in listed equity securities. The Group currently does not have any arrangement to hedge the price risk exposure of its investment in equity securities. The Group's exposure to equity price risk through investment in listed equity securities is not significant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Within 1 years or on demand RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2020					
Non-derivative financial liabilities					
Bills and accounts payable	21,812,134	–	–	21,812,134	21,812,134
Other payables	41,071,538	–	–	41,071,538	41,071,538
Amounts due to Parent Company and its subsidiary companies	2,111,472	–	–	2,111,472	2,111,472
USD guaranteed note	2,830,661	10,433,430	–	13,264,091	11,156,831
RMB guaranteed note	5,025,145	7,552,611	–	12,577,756	11,530,967
Bank borrowings	24,940,412	33,308,047	9,861,086	68,109,545	59,619,196
Corporate bonds	385,830	9,107,716	2,338,061	11,831,607	9,955,950
Long term payable	44,027	751,768	2,128,222	2,924,017	2,921,369
	98,221,219	61,153,572	14,327,369	173,702,160	160,179,457
Derivative financial liabilities	231,971	–	–	231,971	231,971
Financial guarantees issued					
Maximum amount guaranteed (note)	4,057,332	–	–	4,057,332	–

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Within 1 years or on demand RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2019					
Non-derivative financial liabilities					
Bills and accounts payable	19,116,658	–	–	19,116,658	19,116,658
Other payables	26,330,197	–	–	26,330,197	26,330,197
Amounts due to Parent Company and its subsidiary companies	1,093,707	–	–	1,093,707	1,093,707
USD guaranteed note	180,958	3,233,704	–	3,414,662	3,048,607
RMB guaranteed note	3,643,625	12,567,843	–	16,211,468	14,517,466
Bank borrowings	17,671,998	27,074,204	9,555,593	54,301,795	47,809,418
Long term payable	77,955	312,954	2,034,200	2,425,109	2,420,420
	68,115,098	43,188,705	11,589,793	122,893,596	114,336,473
Derivative financial liabilities	148,554	–	–	148,554	148,554
Financial guarantees issued					
Maximum amount guaranteed (note)	4,497,031	–	–	4,497,031	–

Information about the maturity of lease liabilities is provided in the following table:

	Within 1 years RMB'000	**1-5 years RMB'000**	**5+ years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
As at 31 December 2020	**1,001,371**	**1,959,473**	–	**2,960,844**	**2,589,963**
As at 31 December 2019	**162,443**	**384,840**	–	**547,283**	**484,924**

Note: The amount presented is the maximum contractual presented under guarantees issued.

45. FINANCIAL INSTRUMENTS (Continued)

45c. Fair values

The fair value of listed equity investment is determined with reference to quoted market price. The fair values of the forward foreign exchange contracts and the interest rate swap are estimated based on the discounted cash flows between the contract forward rate and spot forward rate. The fair value of royalty receivable is determined on the basis as set out in note 19. The fair value of unlisted investments are determined using valuation methodology commonly adopted in the market. The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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 values.

The following table presents the carrying value of financial instruments measured at fair value across the three levels of the fair value hierarchy:

				At 31 December
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
2020				
Assets				
Financial assets at FVTPL:				
– Unlisted equity investments	–	–	429,587	429,587
– Royalty receivables	–	–	1,107,497	1,107,497
– Derivative financial instruments	50,356	–	–	50,356
Financial assets at FVTOCI:				
– Bills receivables	–	–	3,312,609	3,312,609
– Investments in securities listed on the SSE	386	–	–	386
– Unlisted equity securities	–	–	14,640	14,640
	50,742	–	4,864,333	4,915,075
Liabilities				
Financial assets at FVTPL:				
– Derivative financial instruments	–	231,971	–	231,971

45. FINANCIAL INSTRUMENTS (Continued)

45c. Fair values (Continued)

				At 31 December
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2019				
Assets				
Financial assets at FVTPL:				
– Unlisted equity investments	–	–	152,097	152,097
– Royalty receivables	–	–	1,143,090	1,143,090
– Derivative financial instruments	32,016	4,098	–	36,114
Financial assets at FVTOCI:				
– Bills receivables	–	–	3,103,594	3,103,594
– Investments in securities listed on the SSE	350	–	–	350
– Unlisted equity securities	–	–	4,273	4,273
	32,366	4,098	4,403,054	4,439,518
Liabilities				
Financial assets at FVTPL:				
– Derivative financial instruments	–	85,598	62,956	148,554

During the years ended 31 December 2020 and 2019, there are no change in categories between level 1 and level 2 and no movement from or into level 3. For more information about royalty receivable, please refer to note 19.

The fair value of the royalty receivable is determined using the discounted future cash flows that are dependent on the following unobservable inputs: forecast sales volumes, coal prices and fluctuations in foreign exchange rates. The forecast sales volumes are based on the internally maintained budgets, five year business plan and life of mine models. The forecast coal prices and long term exchange rates are based on external data consistent with the data used for impairment assessments. The risk-adjusted post-tax discount rate used to determine the future cash flows is 11% (2019: 11%). The estimated fair value would increase if the sales volumes and coal prices were higher and if the AUD weakens against the USD. The estimated fair value would also increase if the risk adjusted discount rate was lower.

46. SHARE-BASED PAYMENTS

(a) The Company

In February 2019, a share option scheme of the Company (the "Share Option Scheme") was approved. The principal terms are as follows:

(i) Purpose

The Share Option Scheme is for the purpose to further establish and improve the long-term incentive mechanism of the Company, attract and retain talents, fully mobilise the directors, senior management, mid-level management and core employees of the Company, effectively align the interests of shareholders, the Company and the management personally, and enable all parties to take interest in the long-term development of the Company.

(ii) Scope of participants

The participants include the directors, senior management, mid-level management and core employees of the Company. In respect of the abovementioned participants, any such directors and senior management must have been elected at the General Meeting or appointed by the Board. A participant must be employed by and have entered into a labor contract or an employment contract with the Company, the wholly-owned subsidiaries or controlled subsidiaries of the Company as at the date of grant and during the assessment years.

The participants do not include the external directors (including the independent directors), the supervisors and any shareholder or actual controller individually or jointly holding more than 5% of the shares of the Company and their respective spouse, parents and children. The participants shall not also be participants of share incentive schemes of any other listed companies, and persons who are already participants of such incentive schemes of any other listed companies shall not take part in the Share Option Scheme.

46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued)

(iii) Total number of the options involved in the Share Option Scheme

The initial number of A Share Options approved and granted under the scheme is 46,320,000. Upon satisfaction of the conditions of exercise of the share options, each share option shall provide its holder with a right to purchase one A Share at the exercise price during the validity period. The share options shall not be transferred, mortgaged or used to set-off.

(iv) Validity Period

The validity period of the share options granted under the Share Option Scheme commences from the date of grant, and such period must not exceed 60 months.

(v) Vesting Period

The share options will have vesting periods of 24 months, 36 months and 48 months commencing from the date of grant respectively.

(vi) Exercise Price, exercisable period and exercise conditions

The exercise of the share options under the Share Option Scheme are subject to the performance targets in the assessment years from the financial year of 2019 through the financial year of 2021. Assessment will be made once a financial year.

Under the premise that conditions of exercise of the share options have been fulfilled, the share options are exercisable in three tranches upon expiry of 24 months of the date of grant.

The participants shall exercise their share options during the validity period of the share options. If the conditions of exercise of share options are not fulfilled, the share options for that period shall not be exercised. If the conditions of the share options are fulfilled but not all of the relevant share options for that period have been exercised, such portion of the unexercised share option shall be cancelled by the Company.

During the year ended 31 December 2019, 46,320,000 share options were granted. No options were exercised or cancelled under the Share Option Scheme during the years ended 31 December 2020 and 2019. No options were granted during the year ended 31 December 2020 under the Share Option Scheme.

46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued)

(vi) Exercise Price, exercisable period and exercise conditions (Continued)

As at 31 December 2020 and 2019, the Company had 46,320,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 46,320,000 additional ordinary shares of the Company. No option is exercisable as at 31 December 2020 and 2019.

RMB31,898,000 (2019: RMB32,553,000) was recognised as share option expenses during the year ended 31 December 2020.

The fair value of the share options granted was estimated on the date of grant using the Black Scholes model, taking into account of the terms and conditions upon which the options were granted. The inputs used in the model was as follow:

Share price at date of grant	RMB9.37
Exercise price	RMB9.64
Risk-free interest rate	2.77%
Expected life	4 years
Expected volatility	25.52%
Value per share option	RMB2.12

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The Black Scholes model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an share option varies with different variables of certain subjective assumptions.

46. SHARE-BASED PAYMENTS (Continued)

(b) Equity incentive plan of a subsidiary

Yancoal Australia, a non-wholly-owned subsidiary of the Company, had adopted a share incentive scheme and the principal terms of the incentive plan (the "Plan") are as follows:

(i) Purpose

The purpose of the Plan is to:

(1) attract, retain and motivate eligible employees essential for the continued growth and development of Yancoal Australia;

(2) provide a strategic, value based reward for eligible employees who make a key contribution to the success of Yancoal Australia;

(3) align the interests of eligible employees more closely with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the form of awards;

(4) provide eligible employees with the opportunity to share in any future growth in value of Yancoal Australia; and

(5) provide greater incentive for eligible employees to focus on Yancoal Australia's longer term goals.

(ii) Scope of participants

Those employees that the Board of Yancoal Australia (the"Board") determine are eligible to participate in the Plan (the "Participants"). Eligible employee may receive, at the absolute discretion of the Board, options or rights (a conditional right to receive shares of Yancoal Australia) ("Rights") or a Share (each, an "Award") under the Plan.

(iii) Maximum number of shares

Where an offer is made under the Plan, the Board of Yancoal Australia must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Rights, the total number of Shares which would be issued if those Options or Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under: (a) the Plan or any other employee incentive scheme covered by the Australian Securities and Investments Commission ("ASIC") Class Order CO 14/1000 (or any amendment to or replacement of that Class Order) ("Class Order"); or (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, ("5% Limit").

46. SHARE-BASED PAYMENTS (Continued)

(b) Equity incentive plan of a subsidiary (Continued)

The Rights are redeemable on a one-for-one basis for Yancoal Australia's shares. Yancoal Australia may at its discretion to settle Rights in cash or share.

During the year ended 31 December 2020, 2,591,655 Rights were granted and 2,756,554 Rights were forfeited. During the year ended 31 December 2019, 2,161,669 Rights were granted, 1,609,198 Rights were cancelled and 45,642 Rights were forfeited. As at 31 December 2020, 3,434,940 Rights (2019: 3,599,839 Rights) were still outstanding.

During the year ended 31 December 2020, a net reversal of share-based payment expense of RMB7,341,000 (2019: RMB24,350,000) was recognised in profit or loss.

The fair value of share options granted was estimated on the date of grant using the Black Scholes model, taking into account of the terms and conditions upon which the options were granted. The inputs used in the model was as follow:

	LTIP	LTIP	LTIP
Grant date	1/1/2020	1/1/2019	30/5/2018
Post-consolidation share price at grant date ($)	AUD2.86	AUD3.35	AUD4.94
Dividend yield	8%	8%	0%
Value per performance right	AUD2.66	AUD2.66	AUD4.94

The Rights has been valued using the volume weighted average price of Yancoal Australia's ordinary shares across a 10 day trading period before grant date.

There are a maximum of 3,434,940 shares available for issue, which, if issued as new shares of Yancoal Australia, would represent 0.3% of share capital of Yancoal Australia in issue at 31 December 2020 (2019: 3,599,839 shares representing 0.2% of share capital of Yancoal Australia).

47. ACQUISITIONS AND BUSINESS COMBINATIONS

(A) Acquisition of 10% interest in Moolarben Coal Joint Venture

On 31 March 2020, Yancoal Moolarben Coal Mine Pty Ltd, a 100% owned subsidiary of Yancoal Australia acquired an additional 10% interest in Moolarben Coal Joint Venture ("Moolarben JV") previously owned by Sojitz Corporation ("Sojitz"). The Moolarben JV was accounted for as a joint operation prior to the acquisition of such additional interest. Following the acquisition Yancoal Australia holds an 95% interest in the Moolarben JV. The cash consideration paid and payable was AUD300 million (equivalent to approximately RMB1,455,634,000) split into four installments over a period of 12 months plus a AUD8 million (equivalent to approximately RMB 39,609,000) effective date adjustment whereby the cash consideration was increased by 10% of the Moolarben JV's net cash outflows from 1 January 2020 to completion date.

On acquiring the additional interest, the Group is deemed to now control the activities of Moolarben JV by holding all voting rights on the Joint Venture Policy Committee. The change in accounting treatment from joint control to control has resulted in a deemed disposal of the previously held interest and a deemed acquisition of the new interest.

	RMB'000
Consideration transferred	
Discounted purchase price	1,455,634
Effective date adjustment	39,609
Previously held interest	11,049,926
Total consideration	12,545,169
Fair value of net identifiable assets acquired at the date of acquisition	15,778,227
Gain on acquisition and remeasurement	3,233,058
Net cash outflow arising on acquisition	
Cash paid on acquisition	1,455,634
Less: Bank balance and cash acquired	(19,804)
	1,435,830

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(A) Acquisition of 10% interest in Moolarben Coal Joint Venture (Continued)

Fair value of assets acquired and liabilities recognised at the date of acquisition:

	Net fair value RMB'000
Bank balances and cash	184,515
Accounts receivables	103,555
Prepayments and other receivables	126,486
Inventories	273,972
Property, plant and equipment	5,862,034
Construction in progress	644,836
Right-of-use assets	265,073
Intangible assets	13,431,874
Accounts payables	(95,318)
Other payables	(456,295)
Lease liabilities	(276,595)
Provisions	(393,058)
Deferred tax liabilities	(3,892,852)
Net fair value change	15,778,227

The above figures has been determined on a provisional basis. Any adjustments to the provisional values as a result of completing work on the fair values of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of acquisition.

Revenue and profit contribution

The acquired interest contributed revenue of approximately RMB467 million and net profit after tax of approximately RMB60 million to the Group for the period from 1 April 2020 to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated revenue and net profit for the year ended 31 December 2020 would have been increased by approximately RMB196 million and approximately RMB55 million respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(B) Reconsolidation of Watagan

On 16 December 2020, Yancoal Australia announced that a commercial arrangement had been entered into between Yankuang HK, a wholly owned subsidiary of the Parent Company and the other two holders of bonds previously issued by Watagan which will result in Yancoal Australia regaining accounting control of Watagan and its subsidiaries (together referred as the "Watagan Group") and the financial results of the Watagan Group are consolidated in the Company's consolidated financial statements. Since 16 December 2020. The reconsolidation of Watagan Group is accounted for as a business combination.

	RMB'000
Consideration transferred-balances eliminated on reconsolidation	
Interest-bearing loan to Watagan	4,051,361
Tax sharing and funding payables to Watagan	(173,135)
Net accounts receivables from Watagan	29,680
Fair value of interests previously held	–
	3,907,906
Fair value of net identifiable liabilities assumed at the date regarding the reconsolidation of Watagan	2,936,104
Loss on reconsolidation of Watagan	6,844,010

Assets acquired and liabilities recognised from the reconsolidation are as follows:

	RMB'000
Bank balances and cash	35,552
Bills and accounts receivables	36,721
Inventories	81,985
Prepayments and other receivables	37,001
Construction in progress	158,275
Right-of-use assets	179,494
Property, plant and equipment	1,256,047
Intangible assets	1,381,462
Deferred tax assets	563,842
Bills and accounts payables	(325,062)
Borrowings	(4,979,401)
Lease liabilities	(298,106)
Provision	(1,063,914)
Net liabilities recognised	(2,936,104)

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(B) Reconsolidation of Watagan (Continued)

	RMB'000
Net cash inflow arising on acquisition	
Cash paid on acquisition	–
Add: Bank balance and cash acquired	35,552
	35,552

During the year ended 31 December 2019, the Group had a loan of around RMB4,398,756,000 which was granted to Watagan and details of which are sort out in the Company's consolidated financial statements for the year ended 31 December 2019. The outstanding balance prior to the reconsolidation of the financial statementes of Watagan amounted to RMB4,051,361,000 which was eliminated upon the reconsolidated of the financial statements of Watagan during the year.

The above figures relating to the "Assets acquired and liabilities recognised from the reconsolidation" has been determined on a provisional basis. Any adjustments to the provisional values as a result of completing work on the fair values of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of acquisition.

Revenue and profit contribution

The reconsolidation contributed revenue of nil and net profit after tax of approximately RMB10 million to the Group for the period from 16 December 2020 to 31 December 2020. If the reconsolidation had occurred on 1 January 2020, consolidated revenue and net profit for the year ended 31 December 2020 would have been increased by approximately RMB527 million and nil respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the reconcolidation has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(C) Acquisition of Target Equity Interests and Target Assets (厚朴項目)

On 30 September 2020, the Company entered into an equity interests and assets transfer agreement (the "Transaction Agreement") with the Parent Company in relation to the acquisition of 49.315%, 100%, 100%, 100%, 100% and 99% equity interests in Shaanxi Future Energy & Chemicals Co., Ltd ("Shaanxi Future Energy"), Yankuang Yuling Fine Chemical Co., Ltd. ("Fine Chemical"), Yankuang Lunan Chemical Co., Ltd ("Lunan Chemical"), Yankuang Jining Chemical Equipment Co., Ltd. ("Chemical Equipment"), Yankuang Coal Chemicals International Trading Co., Ltd. ("Trading Company") and Shandong Yankuang Jining No. 3 Power Plant, respectively (collectively referred as the "Target Entities") and the relevant assets of Yankuang Group Information Center (the "Target Assets") (collectively the "Acquisition") at a consideration of approximately RMB18.355 billion, of which approximately RMB11.013 billion is payable before 31 December 2021. In addition, the Parent Company of the Company made commitments to the audited aggregate net profit attributable to shareholders shall not be less than RMB4.314 billion during the years 2020 to 2022. In the case which after the end of the commitment period, the aggregate amount of actual net profit corresponding to the Target Entities' interests does not reach the committed net profit, the Parent Company shall compensate the Company in cash, and the specific compensation amount shall be calculated based on the difference between the committed net profit and the actual net profit corresponding to the Target Entities' interests. The transaction was completed in December 2020.

Prior to the Acquisition, the Group had 24.66% equity interest in Shaanxi Future Energy. Following the Acquisition, Shaanxi Future Energy became a non-wholly-owned subsidiary of the Group.

	RMB'000
Consideration transferred	
Cash consideration paid	6,764,720
Consideration payable	11,590,710
Contingent consideration receivable	(161,781)
Previously held interests in Shannxi Future Energy*	4,425,228
Total consideration	22,618,877

* Included remeasurement gain of RMB1,664,006,000.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(C) Acquisition of Target Equity Interests and Target Assets (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	2,965,902
Bills and accounts receivables	1,561,096
Prepayments and other receivables	1,980,905
Inventories	655,554
Long-term receivables due within one year	882,950
Investments in securities	326,345
Investment properties	20,915
Property, plant and equipment	17,804,965
Construction in progress	3,460,165
Right-of-use assets	500,704
Intangible assets	15,201,447
Long-term receivables – due after one year	147,689
Deferred tax assets	179,796
Prepayments for property, plant and equipment and intangible assets	528,365
Borrowings	(8,083,638)
Bills and accounts payables	(3,048,318)
Contract liabilities	(542,002)
Other payables and accrued expenses	(3,157,250)
Tax payable	(315,099)
Lease liabilites	(400,470)
Long term payables	(125,533)
Deferred tax liabilities	(2,396,313)
Total identifiable assets	28,148,175
Less: Non-controlling interests (at proportionate share of net assets)	(5,498,925)
Gain on bargaining purchase	(30,373)
	22,618,877
Net cash outflow arising on acquisition	
Cash paid on acquisition	6,764,720
Less: Bank balance and cash acquired	(2,965,902)
	3,798,818

The above figures has been determined on a provisional basis. Any adjustments to the provisional values as a result of completing work on the fair values of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of acquisition.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(C) Acquisition of Target Equity Interests and Target Assets (Continued)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, the Target Entities had contributed a total revenue of approximately RMB599,547,000 and net profit of approximately RMB445,770,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Group for the year ended 31 December 2020 would have been increased by approximately RMB13,174,189,000 and approximately RMB1,434,958,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

(D) Capital increase in Inner Mongolia Mining

On 28 October 2020, the Company entered into a capital increase arrangement with Inner Mongolia Geological Mining (Group) Company Limited ("Inner Mongolia Dikuang") for making capital injection into Inner Mongolia Mining (Group) Company Limited ("Inner Mongolia Mining"). The Group made capital injection into Inner Mongolia Mining in December 2020 and hold 51% equity interests in Inner Mongolia Mining after the capital increase.

	RMB'000
Consideration transferred	
Capital contribution made	1,640,373
Capital consideration payable	2,321,917
	3,962,290

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(D) Capital increase in Inner Mongolia Mining (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	139,521
Interests in associates	3,967,281
Capital contribution receivables	2,321,917
Bills and accounts receivables	278,099
Prepayments and other receivables	1,027,686
Inventories	15,932
Prepayments for property, plant and equipment and intangible assets	17,843,094
Property, plant and equipment	1,359,702
Construction in progress	523,697
Right-of-use assets	888,185
Intangible assets	164,605
Deferred tax assets	622,480
Borrowings	(3,050,850)
Bills and accounts payables	(456,042)
Contract liabilities	(14,410)
Other payables and accrued expenses	(9,042,844)
Tax payable	(27,291)
Long term payables	(2,098,347)
Lease liabilities	(298,699)
Deferred tax liabilities	(2,935,971)
Net assets acquired	11,227,745
Less: non-controlling interest (at proportionate share of net assets)	(6,430,945)
Gain on bargaining purchase	(834,510)
	3,962,290
Net cash outflow arising on acquisition	
Cash paid on acquisition	1,640,373
Less: Bank balance and cash acquired	(139,521)
	1,500,852

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(D) Capital increase in Inner Mongolia Mining (Continued)

The above figures has been determined on a provisional basis. Any adjustments to the provisional values as a result of completing work on the fair values of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of acquisition.

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Inner Mongolia Mining had contributed a total revenue of approximately nil and net profit of approximately nil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Group for the year ended 31 December 2020 would have been increased by approximately RMB1,048,555,000 and net profit for the year ended 31 December 2020 would have been decreased by approximately RMB1,165,540,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

(E) In addition to the above, during the year ended 31 December 2020, the Group acquired 2 subsidiaries that are not individually material for aggregate consideration of RMB239 million and resulted in goodwill of RMB90 million.

48. NON-CONTROLLING INTERESTS

Summarised financial information of material non-controlling interests of subsidiaries is set out below.

	Yancoal Australia At 31 December		Haosheng At 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Non-controlling interests percentage	**37.74%**	37.74%	**44.56%**	40.62%
Summarised financial information				
Current assets	**6,732,506**	8,653,988	**2,019,870**	1,800,416
Non-current assets	**48,720,832**	44,777,384	**11,120,442**	10,450,812
Current liabilities	**(6,005,633)**	(10,308,273)	**(1,791,171)**	(1,518,949)
Non-current liabilities	**(23,390,344)**	(13,716,792)	**(5,967,697)**	(5,900,027)
Net assets	**26,057,361**	29,406,307	**5,381,444**	4,832,252
Carrying amounts of non-controlling interests	**9,834,048**	11,097,940	**2,397,971**	1,962,861
Revenue	**17,677,134**	21,887,315	**2,436,295**	1,169,804
Profit (loss) for the year	**(4,437,043)**	3,524,844	**548,298**	(273,285)
Other comprehensive income	**–**	854,867	**–**	–
Total comprehensive income (expense)	**(4,437,043)**	4,379,711	**548,298**	(273,285)
Total comprehensive income (expense) allocated to non-controlling interests	**(1,674,540)**	1,652,827	**244,322**	(68,646)
Cash flows generated from operating activities	**3,034,862**	7,560,896	**1,167,376**	226,567
Cash flows used in investing activities	**(2,964,633)**	(1,914,646)	**(444,588)**	(2,169,605)
Cash flows (used in) from financing activities	**(1,575,118)**	(5,905,119)	**(709,969)**	1,953,452
Net (decrease) increase in cash and cash equivalents	**(1,504,889)**	(258,869)	**12,819**	10,414
Dividends paid to non-controlling interests	**530,082**	239,634	**–**	–

48. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information of material non-controlling interests of subsidiaries is set out below. (Continued)

	Shaanxi Future Energy At 31 December		Inner Mongolia Mining At 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Non-controlling interests percentage	**26.03%**	Note (i)	**49%**	Note (i)
Summarised financial information				
Current assets	**2,212,734**	Note (i)	**3,605,804**	Note (i)
Non-current assets	**29,692,013**	Note (i)	**25,401,225**	Note (i)
Current liabilities	**(4,083,541)**	Note (i)	**(13,199,188)**	Note (i)
Non-current liabilities	**(4,804,228)**	Note (i)	**(4,580,096)**	Note (i)
Net assets	**23,016,978**	Note (i)	**11,227,745**	Note (i)
Carrying amounts of non-controlling interests	**5,991,319**	Note (i)	**6,430,945**	Note (i)
Revenue	**1,071,440**	Note (i)	**–**	Note (i)
Loss for the year	**(284,581)**	Note (i)	**–**	Note (i)
Other comprehensive expense	**–**	Note (i)	**–**	Note (i)
Total comprehensive expense	**(284,581)**	Note (i)	**–**	Note (i)
Total comprehensive expense allocated to non-controlling interests	**(74,076)**	Note (i)	**–**	Note (i)
Cash flows used in operating activities	**(1,334,318)**	Note (i)	**–**	Note (i)
Cash flows generated from investing activities	**322,429**	Note (i)	**–**	Note (i)
Cash flows generated from financing activities	**205,536**	Note (i)	**–**	Note (i)
Net decrease in cash and cash equivalents	**(806,353)**	Note (i)	**–**	Note (i)
Dividends paid to non-controlling interests	**–**	Note (i)	**–**	Note (i)

Note (i): These subsidiaries are newly acquired during the year ended 31 December 2020.

Note (ii): The above financial information is before elimination of intra-group transactions.

49. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. In accordance with Main Board Listing Rules Chapter 14A, continuing connected transactions are disclosed below:

Balances and transactions with related parties

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Nature of balances (other than those already disclosed)		
Bills and accounts receivable		
– Parent Company and its subsidiaries	**267,917**	584,454
– Joint ventures	**154,519**	362,167
– Associates	**60**	–
Prepayments and other receivables		
– Parent Company and its subsidiaries	**1,411,355**	327,392
– Joint ventures	**295,545**	122,107
– Associates	**101,287**	72,819
Long-term receivables		
– Parent Company and its subsidiaries	**1,132**	8,689
– Joint ventures	**676,085**	989,901
– Associates	**–**	4,398,756
Bills and accounts payable		
– Joint ventures	**14,209**	–
– Associates	**21,415**	8,151
– Parent Company and its subsidiaries	**2,118,227**	1,093,259
Other payables and accrued expenses		
– Parent Company and its subsidiaries	**18,571,954**	10,599,970
– Associates	**142,836**	17,272

The amounts due from/to the Parent Company and its subsidiaries, joint ventures and associates excluding the Group, are non-interest bearing, unsecured and repayable on demand.

49. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with related parties

During the years, the Group had the following significant transactions with the Parent Company and/or its subsidiaries (excluding the Group):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Income		
Sales of coal	**1,556,089**	2,860,293
Sales of auxiliary materials	**332,044**	805,598
Supply of power and heat	**26,755**	31,138
Sales of methanol	**–**	5,456
Equipment leasing	**33,809**	29,450
Professional services	**2,078**	5,553
Provision of repair and maintenance services	**4,042**	17,196
Provision of road transportation services	**26,674**	74,010
Expenditure		
Utilities and facilities	**52,251**	49,133
Purchases of materials and facilities	**245,752**	275,204
Repair and maintenance services	**98,873**	102,834
Labour and services	**1,008,290**	958,016
Construction services	**690,812**	896,497
Coal train escort services	**51,344**	50,476
Financial services	**1,572**	852
Insurance fund management and payment services (free of charge)	**819,702**	961,616
Purchase of bulk commodities	**2,061,917**	561,586
Commissioned management services	**2,989**	5,790

Expenditures for social welfare and support services (excluding medical and child care expenses) are approximately RMB58,633,000 (2019: RMB103,439,000) for the year ended 31 December 2020. These expenses will be negotiated with and paid by the Parent Company each year.

As at 31 December 2020, the Parent Company and its subsidiaries, excluding the Group, had deposited approximately RMB9,845,000,000 (2019: RMB10,129,682,000) to Yankuang Finance. For the year ended 31 December 2020, interest income from and interest expense to the Parent Company and its subsidiaries (excluding the Group), joint ventures and assocaites amounted to approximately RMB229,770,000 and RMB99,660,000 respectively (2019: RMB207,191,000 and RMB105,623,000).

In addition to the above, the Company participates in a retirement benefit scheme of the Parent Company in respect of retirement benefits (note 51).

49. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a large group of companies under the Parent Company which is controlled by the PRC government. Apart from the transactions with the Parent Company and its subsidiaries disclosed above, the Group also conducts business with other state-controlled entities. The directors of the Company consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

Material transactions with other state-controlled entities are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Trade sales	**2,918,382**	3,366,596
Trade purchases	**2,777,127**	861,501

Material balances with other state-controlled entities are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Amounts due to other state-controlled entities	**1,066,439**	712,270
Amounts due from other state-controlled entities	**270,870**	49,211

Amounts due from and to state-controlled entities are trade nature of which terms are not different from other customers and suppliers.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors of the Company are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations and no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director 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.

49. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with joint ventures/associates

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Loan to a joint venture and an associate (note 28)	**676,085**	5,388,657

Interest recognised by the Group in the current year amounting to approximately RMB382,659,000 (2019: RMB397,683,000).

Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Directors fee	**600**	568
Salaries, allowance and other benefits in kind	**17,533**	10,589
Retirement benefit scheme contributions	**2,634**	1,861
	20,767	13,018

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

50. COMMITMENTS

Save as disclosed elsewhere is the consolidated financial statements, the Group had the following capital commitments.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
Acquisition of property, plant and equipment		
– the Group	**4,490,977**	8,397,556
– share of joint operations	**193,768**	215,197
– others	**314**	26,234
Intangible assets		
– share of joint operations	**17,655**	9,764
– others	**9,720**	–
Exploration and evaluation		
– share of joint operations	**14,864**	22,766
– others	**361**	9,156
	4,727,659	8,680,673

51. RETIREMENT BENEFITS

Qualifying employees of the Company are entitled to pension, medical and other welfare benefits. The Company participates in a scheme of the Parent Company and pays a monthly contribution to the Parent Company in respect of retirement benefits at an agreed contribution rate based on the monthly basic salaries and wages of the qualified employees. The Parent Company is responsible for the payment of all retirement benefits to the retired employees of the Company.

Pursuant to the Provision of Insurance Fund Administrative Services Agreement entered into by the Company and the Parent Company on 21 March 2014, the monthly contribution rate is at 20% (2019: 20%) of the total monthly basic salaries and wages of the Company's employees for the period from 1 January 2015 to 31 December 2017. Other welfare benefits will be provided by the Parent Company, which will be reimbursed by the Company.

The amount of contributions paid to the Parent Company were approximately RMB813,035,000 and RMB961,616,000 for the years ended 31 December 2020 and 2019 respectively.

The Company's subsidiaries are participants in a state-managed retirement scheme pursuant to which the subsidiaries pay a fixed percentage of its qualifying staff's wages as a contribution to the scheme. The subsidiaries' financial obligations under this scheme are limited to the payment of the employer's contribution. During the year, contributions paid and payable by the subsidiaries pursuant to this arrangement were insignificant to the Group. The Group's overseas subsidiaries pay fixed contribution as pensions under the laws and regulations of the relevant countries.

During the year and at the balance sheet date, there were no forfeited contributions which arose upon employees leaving the above schemes available to reduce the contributions payable in future years.

52. HOUSING SCHEME

(a) The Parent Company is responsible for providing accommodation to its employees and the domestic employees of the Company. The Company and the Parent Company share the incidental expenses relating to the accommodation at a negotiated amount for each of the two years ended 31 December 2020 and 2019. Such expenses, amounting to nil for the year ended 31 December 2020 (2019: RMB6,333,000) respectively, have been included as part of the social welfare and support services expenses summarised in note 50.

(b) The Company currently makes a fixed monthly contribution for each of its qualifying employees to a housing fund which is equally matched by a contribution from the employees. The contributions are paid to the Parent Company which utilises the funds, along with the proceeds from the sales of accommodation and, if the need arises, from loans arranged by the Parent Company, to construct new accommodation.

53. POST BALANCE SHEET EVENTS

Subsequent to 31 December 2020, 13 million share options were exercised and resulted in the issuance of 13 million new ordinary shares.

Subsequent to 31 December 2020, the Group issued a short-term note with a principal amount of RMB2.0 billion maturing in September 2021.

54. CONTINGENT LIABILITIES

(i) Guarantees

		At 31 December	
		2020 RMB'000	2019 RMB'000
(a)	**The Group**		
	Performance guarantees provided to daily operations	**687,190**	736,989
	Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	**562,316**	661,600
(b)	**Joint operations**		
	Performance guarantees provided to external parties	**738,671**	780,700
	Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	**1,597,379**	1,390,318
(c)	**Related parties**		
	Performance guarantees provided to external parties	**451,351**	515,714
	Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	**20,425**	411,710
		4,057,332	4,497,031

55. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

During the year ended 31 December 2019, investment in securities of approximately RMB3,781,200,000 was reclassified to interests in associates.

Additions to the Group's property, plant and equipment and construction-in-progress amounted to approximately RMB1,000,000,000 and RMB2,000,000,000 respectively were settled through bills during the year ended 31 December 2019.

During the year ended 31 December 2020, the Group entered into several new arrangement in respect of buildings, and plant, machinery and equpment. Right-of-use assets and lease liabilities of approximately RMB1,575,553,000 (2019: RMB98,304,000) were recognised at the commencement of the lease.

During the year ended 31 December 2019, the Group acquired mining rights of which approximately RMB2,347,154,000 intangible assets payable will be settled over the mining period.

56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details 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 consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable (Note 35) RMB'000	Customers' deposits in relation to financial services (Note 35) RMB'000	Borrowings (Note 38) RMB'000	Lease liabilities (Note 24) RMB'000	Total RMB'000
At 1 January 2020	1,919,666	17,846,659	65,375,491	484,924	85,626,740
Dividends declaration	2,818,800	–	–	–	2,818,800
Finance cost incurred	–	–	–	74,084	74,084
Cash flows	(4,723,044)	852,929	12,171,599	(513,259)	7,788,225
Acquisition of subsidiaries	–	–	16,148,389	1,026,982	17,175,371
New lease arrangements	–	–	–	1,575,553	1,575,553
Termination of lease	–	–	–	(15,767)	(15,767)
Exchange adjustment	–	–	(1,432,535)	(42,554)	(1,475,089)
At 31 December 2020	15,422	18,699,588	92,262,944	2,589,963	113,567,917

56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Dividends payable (Note 35) RMB'000	Customers' deposits in relation to financial services (Note 35) RMB'000	Borrowings (Note 38) RMB'000	Lease liabilities (Note 24) RMB'000	Total RMB'000
At 1 January 2019	43,626	11,284,197	68,472,610	557,854	80,358,287
Dividends declaration	8,788,347	–	–	–	8,788,347
Finance cost incurred	–	–	–	33,894	33,894
Cash flows	(6,912,307)	6,562,462	(3,538,407)	(185,592)	(4,073,844)
New lease arrangements	–	–	–	98,304	98,304
Termination of lease	–	–	–	(21,732)	(21,732)
Exchange adjustment	–	–	441,288	2,196	443,484
At 31 December 2019	1,919,666	17,846,659	65,375,491	484,924	85,626,740

57. INFORMATION OF THE COMPANY

The Company's statement of financial position is disclosed as follows:

	At 31 December	
	2020 RMB'000	2019 RMB'000
Current assets		
Bank balances and cash	**3,186,249**	4,588,562
Pledged term deposits	**210,000**	210,000
Restricted cash	**436,684**	722,320
Bills and accounts receivable	**3,407,284**	3,754,703
Inventories	**474,837**	630,263
Prepayments and other receivables	**47,759,461**	43,419,371
	55,474,515	53,325,219
Non-current assets		
Intangible assets	**670,607**	828,784
Property, plant and equipment	**7,438,822**	7,237,158
Right-of-use assets	**5,314,897**	4,362,050
Investments in subsidiaries (note a)	**91,157,754**	65,982,294
Investments in securities	**4,660**	4,623
Investments in associates	**6,319,002**	8,801,123
Investment in joint venture	**29,250**	28,290
Deposit made on investments	**117,926**	117,926
Deferred tax assets	**1,165,818**	1,233,628
	112,218,736	88,595,876
Total assets	**167,693,251**	141,921,095

57. INFORMATION OF THE COMPANY (Continued)

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current liabilities		
Bills and accounts payable	**5,443,720**	4,683,330
Other payables and accrued expenses	**34,052,079**	19,207,165
Contract liabilities	**733,242**	635,148
Borrowings – due within one year	**18,840,000**	13,248,800
Lease liabilities	**1,117,876**	1,083,566
Long term payable – due within one year	**6,523,360**	2,367,430
Derivative financial instruments	**153,055**	85,598
Tax payable	**522,750**	330,165
	67,386,082	41,641,202
Non-current liabilities		
Borrowings – due after one year	**36,862,497**	32,415,387
Lease liabilities	**3,909,342**	3,671,227
Long term payable – due after one year	**155,849**	60,755
	40,927,688	36,147,369
Total liabilities	**108,313,770**	77,788,571
Capital and reserves (note b)		
Equity	**54,161,814**	53,820,913
Perpetual capital securities	**5,217,667**	10,311,611
	59,379,481	64,132,524
Total liabilities and equity	**167,693,251**	141,921,095

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Shanxi Neng Hua (note 1)	PRC	RMB600,000,000	100%	–	100%	–	100%	100%	Investment holding
Shanxi Tianchi (note 1)	PRC	RMB90,000,000	–	81.31%	–	81.31%	81.31%	81.31%	Coal mining business
Shanxi Tianhao (note 1)	PRC	RMB150,000,000	–	99.89%	–	99.89%	99.89%	99.89%	Methanol and electricity power business
Beisheng Industry and Trade (note 1 and 4)	PRC	RMB2,404,000	–	–	100%	–	–	100%	Coal Mining and sales
Shandong Yanmei Shipping Co., Ltd. ("Yanmei Shipping") (note 1)	PRC	RMB5,500,000	92%	–	92%	–	92%	92%	Transportation via rivers and lakes and the sales of coal and construction materials
Inner Mongolia Haosheng Coal Mining Co., Ltd("Haosheng") (note 1)	PRC	RMB1,184,620,000 (2018: RMB904,900,000)	59.38%	–	59.38%	–	59.38%	59.38%	Sales of coal mine machinery equipment and accessories
Zhongyan Trade Co., Ltd (note 1)	PRC	RMB50,000,000	100%	–	100%	–	100%	100%	Trade and storage in free trade zone
Yanzhou Coal Mining Yulin Neng Hua Co., Ltd ("Yulin") (note 1)	PRC	RMB1,400,000,000	100%	–	100%	–	100%	100%	Methanol and electricity power business
Heze (note 1)	PRC	RMB3,000,000,000	98.33%	–	98.33%	–	98.33%	98.33%	Coal mining and sales
Ordos (note 1)	PRC	RMB8,100,000,000	100%	–	100%	–	100%	100%	Investment holding, coal mining and sales
Yize (note 1)	PRC	RMB675,000,000	–	100%	–	100%	100%	100%	Development of methanol project
Inner Mongolia Rongxin Chemicals Co., Ltd (note 1)	PRC	RMB648,360,000	–	100%	–	100%	100%	100%	Development of methanol project
Inner Mongolia Daxin Industrial Gas Co., Ltd (note 1)	PRC	RMB209,992,568	–	100%	–	100%	100%	100%	Development of methanol project
Xintai (note 1)	PRC	RMB5,000,000	–	100%	–	100%	100%	100%	Coal mining and sales
Ordos Zhuanlongwan Coal Mining Company Limited	PRC	RMB5,050,000,000	–	100%	–	100%	100%	100%	Coal mining and sales, manufacturing and sales of mining equipment and machinery
Ordos Yingpanhao Coal Mining Company Limited ("Yingpanhao") (note 1)	PRC	RMB300,000,000	–	100%	–	100%	100%	100%	Coal mining and sales, manufacturing and sales of mining equipment and machinery

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Ijinholuo Banner Anyuan West Coal Co., Ltd. (nte 1)	PRC	RMB187,351,450	–	100%	–	–	100%	–	Coal mining and sales
Inner Mongolia Mengda Railway Co., Ltd. (note 1)	PRC	RMB201,000,000	–	67%	–	–	67%	–	Coal processing, sales and transportation
Inner Mongolia Mengtong Railway Co., Ltd. (note 1)	PRC	RMB100,000,000	–	51%	–	–	51%	–	Coal processing, sales and transportation
Qingdao Yanmei Dongqi Energy Co., Ltd (note 1)	PRC	RMB50,000,000	–	51%	–	51%	100%	100%	Coal and Related Products Wholesale
Trading Centre (note 1)	PRC	RMB100,000,000	51%	–	51%	–	51%	51%	Coal Mining and sales
Shandong Zhongyin International Trade Co., Ltd. (note 1)	PRC	RMB300,000,000	100%	–	100%	–	100%	100%	Coal and non-ferrous metal wholesale
Zhongyin Logistics (note 1)	PRC	RMB300,000,000	–	100%	–	100%	100%	100%	Trade Broker and Agent
Zhongyin Financial (note 1)	PRC	RMB7,060,000,000	90%	9%	90%	9%	99%	99%	Financial leasing
Shanghai Dongjiang Real Estate Development Co., Ltd. (note 1)	PRC	RMB8,000,000	–	100%	–	–	100%	–	Real estate development and operation, property management
Duanxin (note 1)	PRC	RMB3,310,000,000	100%	–	100%	–	100%	100%	Investment and assets management
Shandong Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB200,000,000	100%	–	100%	–	100%	100%	Logistics storage and leasing
Heze Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB10,000,000	–	100%	–	100%	100%	100%	Logistics storage and leasing
Dalateqi Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB5,000,000	–	100%	–	100%	100%	100%	Logistics storage and leasing
Ejin Horo Qi Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB10,000,000	–	100%	–	100%	100%	100%	Logistics storage and leasing
Ruifeng (note 1)	PRC	RMB200,000,000	51%	–	51%	–	51%	51%	Trading
Yancoal International (Singapore) Pte. Ltd.	Singapore	USD10,000,000	–	–	–	100%	–	100%	Trading
Yancoal Australia (note 2)	Australia	AUD6,482,144,000	62.26%	–	62.26%	–	62.26%	62.26%	Investment holding
Austar Coal Mine Pty, Limited ("Austar")	Australia	AUD64,000,000	–	62.26%	–	62.26%	100%	100%	Coal mining business in Australia

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Gloucester	Australia	AUD719,720,808	–	62.26%	–	62.26%	100%	100%	Coal resource exploration development
Yancoal Australia Sales Pty Ltd	Australia	AUD100	–	62.26%	–	62.26%	100%	100%	Coal sales
Yancoal SCN Ltd	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Issue subordinated capital note
Yancoal Mining Services Ltd	Australia	AUD100	–	62.26%	–	62.26%	100%	100%	Provide management services to the underground mines
Yancoal Resources Ltd	Australia	AUD446,409,065	–	62.26%	–	62.26%	100%	100%	Coal mining business in Australia
Westralian Prospectors NL	Australia	AUD93,001	–	62.26%	–	62.26%	100%	100%	No business in Australia
Eucla Mining NL	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Coal mining
CIM Duralie Pty Ltd	Australia	AUD665	–	62.26%	–	62.26%	100%	100%	No business in Australia
Duralie Coal Marketing Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	No business in Australia
Duralie Coal Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Coal mining
Gloucester (SPV) Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Holding company
Gloucester (Sub Holdings 1) Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Holding company
Gloucester (Sub Holdings 2) Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Holdings company
SASE Pty Limited	Australia	AUD9,650,564	–	56.03%	–	56.03%	90%	90%	No business in Australia, to be liquidated
Proserpina Coal Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Yarrabee Coal Company Pty Ltd	Australia	AUD92,080	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
White Mining Limited	Australia	Ordinary shares AUD3,300,000 A Shares AUD200	–	62.26%	–	62.26%	100%	100%	Investment holding and management of operations
Moolarben Coal Operations Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Management of coal operations
Moolarben Coal Mines Pty Limited	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Coal business development
Felix NSW Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Investment holding
Moolarben Coal Sales Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Coal sales
CIM Mining Pty Ltd	Australia	AUD30,180,720	–	62.26%	–	62.26%	100%	100%	No business in Australia

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Donaldson Coal Holdings Limited	Australia	AUD204,945,942	–	62.26%	–	62.26%	100%	100%	Holdings company
Monash Coal Holdings Pty Ltd	Australia	AUD100	–	62.26%	–	62.26%	100%	100%	Dormant
Athena Coal Operation Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Dormant
Yancoal Moolarbess	Australia	AUD300,000,000	–	62.26%	–	–	100%	–	Coal mining and coal Mine management
Watagan Mining Company Pty Ltd.	Australia	USD575,000,000	–	62.26%	–	–	100%	–	Coal mining and coal Mine management
Athena Coal Sales Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Dormant
Paway Limited	British Virgin Islands	AUD1	–	62.26%	–	62.26%	100%	100%	Dormant
White Mining Services Pty Limited	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	No business in Australia, to be liquidated
Ashton Coal Operations Pty Limited	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Management of operations
Ashton Coal mines Limited	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Coal sales
White Mining (NSW) Pty Limited	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
CIM Stratford Pty Ltd	Australia	AUD21,558,606	–	62.26%	–	62.26%	100%	100%	Dormant
CIM Services Pty Ltd	Australia	AUD8,400,002	–	62.26%	–	62.26%	100%	100%	Dormant
Donaldson Coal Pty Ltd	Australia	AUD6,688,782	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Donaldson Coal Finance Pty Ltd	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Investment company
Monash Coal Pty Ltd	Australia	AUD200	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Stradford Coal Pty Ltd	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Coal mining
Stradford Coal Marketing Pty Ltd	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Coal sales
Abakk Pty Ltd	Australia	AUD6	–	62.26%	–	62.26%	100%	100%	Liquidated
Newcastle Coal Company Pty Ltd	Australia	AUD2,300,999	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Primecoal International Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	No business in Australia, to be liquidated
("C&A")	Australia	AUD3,724,000,000	–	62.26%	–	62.26%	100%	100%	Coal mining business
Australian Coal Resources Ltd	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Coal mining business
Kalamah Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Investment, holding company

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
RioTinto Coal (NSW) Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Employment, management company
Coal & Allied Operations Pty Ltd	Australia	AUD17,147,500	–	62.26%	–	62.26%	100%	100%	Coal mining, processing and sales
CNA Investments (UK) Pty Ltd	Australia	AUD202,000	–	62.26%	–	62.26%	100%	100%	Investment Management
CNA Resources Holdings Pty Ltd	Australia	AUD405	–	62.26%	–	62.26%	100%	100%	Investment holding
HV Operations Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Management company
Lower Hunter Land Holdings Pty Ltd	Australia	AUD6	–	62.26%	–	62.26%	100%	100%	Management, holding company
Oaklands Coal Pty Ltd	Australia	AUD5,005,000	–	62.26%	–	62.26%	100%	100%	Management company
Novacoal Australia Pty Ltd	Australia	AUD530,000	–	62.26%	–	62.26%	100%	100%	Management company
Yancoal International (Holding) Co., Ltd	Hong Kong	USD689,313,091	100%	–	100%	–	100%	100%	Investment holding
Yancoal International Resources Development Co., Limited	Hong Kong	USD600,000	–	100%	–	100%	100%	100%	Coal resource exploration development
Yancoal International Technology Development Co., Limited	Hong Kong	USD1,000,000	–	100%	–	100%	–	100%	Coal mining technology development, transfer and consultation
Yancoal International Trading Co., Limited (note 4)	Hong Kong	USD1,000,000	–	–	–	100%	–	100%	Entrepot trade
Yancoal Luxembourg Resources Holding Co., Ltd	Luxembourg	USD500,000	–	100%	–	100%	100%	100%	Investment holding
Yancoal Canada Resources Holding Co., Ltd	Canada	USD290,000,000	–	100%	–	100%	100%	100%	Potash exploration
Athena Holdings P/L	Australia	AUD24,450,405	–	100%	–	100%	100%	100%	Holding company
Premier Coal Holdings Pty Ltd	Australia	AUD321,613,108	–	100%	–	100%	100%	100%	Holding company
Tonford Holdings Pty Ltd	Australia	AUD46,407,917	–	100%	–	100%	100%	100%	Holding company
Wilpeena Holdings Pty Ltd	Australia	AUD3,457,381	–	100%	–	100%	100%	100%	Holding company
Yancoal Energy Pty Ltd	Australia	AUD202,977,694	–	100%	–	100%	100%	100%	Holding company
Yancoal International Technology Development Pty Ltd	Australia	AUD75,407,506	–	100%	–	100%	100%	100%	Holding company
Athena Coal Mine Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	Coal exploration

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Premier Coal Limited	Australia	AUD8,779,250	–	100%	–	100%	100%	100%	Coal mining and sales
Tonford Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	Coal exploration
Syntech Holdings Pty Ltd	Australia	AUD223,470,552	–	100%	–	100%	100%	100%	Investment holding and management of coal operation
Syntech Holdings II Pty Ltd	Australia	AUD6,318,490	–	100%	–	100%	100%	100%	Investment holding
UCC Energy Pty Limited	Australia	AUD2	–	100%	–	100%	100%	100%	Ultra clean coal technology
Premier Char Pty Ltd	Australia	AUD1,000,000	–	100%	–	100%	100%	100%	Charcoal Product Development
Yancoal Technology Development Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	LTCC technology development and equipment rental
AMH (Chinchilla Coal) Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	Coal exploration
Syntech Resources Pty Ltd	Australia	AUD1,251,431	–	100%	–	100%	100%	100%	Coal mining and sales
Mountfield Properties Pty Ltd	Australia	AUD100	–	100%	–	100%	100%	100%	Investment holding
Donghua (note 1)	PRC	RMB1,277,888,000	100%	–	100%	–	100%	100%	Manufacturing of coal mining and excavating equipment
Yankuang Group Tangcun Industrial Co., Ltd (note 1)	PRC	RMB51,000,000	–	100%	–	100%	100%	100%	Manufacturing and repair of machinery and cable
Shandong Yankuang Group Changlong Cable Manufacturing Co., Ltd (note 1)	PRC	RMB20,000,000	–	95%	–	95%	95%	95%	Manufacturing and sale of cable, rubber products
Zhoucheng Chengyan Material Inspection and Testing Co., Ltd (note 1)	PRC	RMB300,000	–	100%	–	100%	100%	100%	Mining products supporting materials testing
Yankuang Group Mainland Machinery Co. Ltd (note 1 and 4)	PRC	RMB50,000,000	–	–	–	79.69%	–	79.69%	Manufacturing of special coal mining equipment
Yankuang Group Yanzhou Sanfanggang Structural Engineering (note 1)	PRC	RMB8,000,000	–	62.50%	–	62.50%	62.50%	62.50%	Production and processing of steel engineering components
Yankuang Group Zoucheng Jinming Electrical Company Limited (note 1)	PRC	RMB50,000,000	–	100%	–	100%	100%	100%	Manufacturing, installation and repair of electrical equipments
Yankuang Group Zoucheng Dehailan Rubber Product Co., Ltd (note 1)	PRC	RMB860,000	–	41.86%	–	41.86%	41.86%	41.86%	Processing and sale of composite pipe and plastic profile products

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Yanzhou Dongfang Electrical Co., Ltd (note 1)	PRC	RMB50,000,000	–	94.34%	–	94.34%	94.34%	94.34%	Manufacturing and installation of mining equipments
Yankuang Group Jintong Rubber Co., Ltd (note 1)	PRC	RMB6,600,000	–	54.55%	–	54.55%	54.55%	54.55%	Manufacturing and sale of rubber products
Jinan Duanxin Mingren Financial Consulting Partnership (LP) (notes 1, 3 and 4)	PRC	RMB5,000,000,000	–	–	–	100%	–	100%	Financial advisory; Asset management consultancy service; Business advisory; Business service; Market information consultation and investigation
Jinan Duanxin Mingli Financial Consulting Partnership (LP) (notes 1, 3 and 4)	PRC	RMB5,000,000,000	–	–	–	100%	–	100%	Management consulting service, Asset management consultancy service; Business advisory; Business service; Market information consultation and investigation
Jining Duanxin Mingzhi Financial Consulting Partnership (LP) (notes 1, 3 and 4)	PRC	RMB1,250,000,000	–	–	–	100%	–	100%	Investment holding
Qingdao Duanxin Asset Management Company Limited (note 1)	PRC	RMB500,000,000	100%	–	100%	–	100%	100%	Equity investment fund management, Management of corporate asset, Foreign investment funds, Import and export service, International Trading, Export
Qingdao Dongfang Shenglong Industrial Co., Ltd. (note 1)	PRC	RMB30,000,000	–	100%	–	–	100%	–	Coal wholesale business, house leasing
Yancoal Property Service (note 1)	PRC	RMB12,000,000	–	35%	–	35%	35%	35%	Property management, Garden greening engineering, Sewage treatment and rental housing agency service
Duanxin Investment Holding (Shenzhen) Company Limited (note 1)	PRC	RMB1,100,000,000	–	100%	–	100%	100%	100%	Equity investment, the entrusted assets and investment management, corporate management and investment advisory

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Zhongyin Finance Lease Company Limited (note 1)	PRC	RMB5,790,800,000	–	100%	–	100%	100%	100%	Investment Holding
Yankuang Finance	PRC	RMB1,703,000	90%	N/A	90%	N/A	90%	90%	Financial services
Inner Mongolia Mining (Group) Company Limited (note 1)	PRC	RMB6,997,306,122	51%	N/A	–	–	51%	–	Investment and management of mineral resources, sale of mineral products and import and export trade
Ulanqab Hongda Industrial Co., Ltd. (note 1)	PRC	RMB550,000,000	–	51%	–	–	51%	–	Electricity power business
Ordos Fengwei Photoelectric Co., Ltd. (note 1)	PRC	RMB180,000,000	–	51%	–	–	51%	–	Solar power, Wind power and production management
Inner Mongolia Mining Resources Investment Holdings Co., Ltd. (note 1)	PRC	RMB400,000,000	–	51%	–	–	51%	–	Investment and asset management
Ordos Green Energy Optoelectronics Co., Ltd. (note 1)	PRC	RMB1,200,000,000	–	46.05%	–	–	46.05%	–	Light power and sale of electrical material
Ordos Cultural Industry Park Cultural Education Co., Ltd. (note 1)	PRC	RMB209,034,000	–	32.28%	–	–	32.28%	–	Educational software development and event planning
Inner Mongolia Financial Holding Financial Leasing Co., Ltd. (note 1)	PRC	RMB1,200,000,000	–	28.05%	–	–	28.05%	–	Rental business
Shaanxi Future Energy Chemical Co., Ltd. (note 1)	PRC	RMB5,400,000,000	73,97%	–	–	–	73,97%	–	Research and Development of chemical product, coal mining, and electric power production and sale
Shaanxi Future Clean Oil and Chemical Sales Co., Ltd. (note 1)	PRC	RMB50,000,000	–	73.97%	–	–	73,97%	–	Sale of petroleum products, chemical products and coal
Shaanxi Future Clean Chemical Co., Ltd. (note 1)	PRC	RMB30,000,000	–	37.72%	–	–	37.72%	–	Sale of petroleum products, chemical products and coal
Yankuang Yulin Fine Chemical Co., Ltd. (note 1)	PRC	RMB46,200,000	100%	–	–	–	100%	–	Production and sales of Fischer-Tropsch synthesis catalysts
Yankuang Lunan Chemical Co., Ltd. (note 1)	PRC	RMB5,040,690,900	100%	–	–	–	100%	–	Production and sales of chemical products
Yankuang Jining Chemical Equipment Co., Ltd. (note 1)	PRC	RMB111,899,210	100%	–	–	–	100%	–	Production and sales of chemical products

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2020		2019		2020	2019	
			Directly	Indirectly	Directly	Indirectly			
Yankuang Coal Chemical Supply and Marketing Co., Ltd. (note 1)	PRC	RMB260,000,000	100%	–	–	–	100%	–	Sales of chemical products
Shandong Yankuang Jisan Electric Power Co., Ltd. (note 1)	PRC	RMB430,000,000	99%	–	–	–	99%	–	Thermal power generation

Unless otherwise specified, the capital of the above subsidiaries are registered capital (those established in the PRC) or ordinary shares (those established in other countries).

Note 1: The companies are established in the PRC as limited liability companies.

Note 2: The investment cost of RMB21,425,119,000 (2019: RMB21,425,119,000) in respect of investment in Yancoal Australia, a subsidiary dually listed on the Australia Stock Exchange and SEHK, was included in investment in subsidiaries. As at 31 December 2020, the market value of these shares was approximately RMB9,980,539,000 (AUD1,989,622,000) (2019: approximately RMB11,645,428,000 (AUD2,384,257,000)).

Note 3: Pursuant to the respective partnership agreements, the Group is able to control 100% of the voting power of these partnerships in relation to the respective relevant activities. Thus, these partnerships are accounted for as subsidiaries of the Group.

Note 4: Those companies were disposed during the year.

57. INFORMATION OF THE COMPANY (Continued)

(b) The Company's equity is as follows:

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Future development fund reserve RMB'000	Statutory common fund RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Perpetual capital securities (note 43) RMB'000	Total RMB'000
As at 1 January 2019	4,912,016	2,967,947	–	780,222	5,855,024	176	40,265,270	10,316,444	65,097,099
Profit for the year	–	–	–	–	–	–	6,572,677	580,181	7,152,858
Other comprehensive expense									
– Fair value changes of financial assets at FVTOCI	–	–	–	–	–	(467)	–	–	(467)
Total comprehensive income (expense) for the year	–	–	–	–	–	(467)	6,572,677	580,181	7,152,391
Transactions with owners:									
Distribution paid to holders of perpetual capital securities	–	–	–	–	–	–	–	(585,014)	(585,014)
Dividends	–	–	–	–	–	–	(7,564,505)	–	(7,564,505)
Recognition of equity-settled share based payment expenses	–	–	32,553	–	–	–	–	–	32,553
Total transactions with owners	–	–	32,553	–	–	–	(7,564,505)	(585,014)	(8,116,966)
Balance at 31 December 2019	4,912,016	2,967,947	32,553	780,222	5,855,024	(291)	39,273,442	10,311,611	64,132,524

57. INFORMATION OF THE COMPANY (Continued)

(b) The Company's equity is as follows: (Continued)

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Future development fund reserve RMB'000	Statutory common fund RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Perpetual capital securities (note 43) RMB'000	Total RMB'000
As at 1 January 2020	4,912,016	2,967,947	32,553	780,222	5,855,024	(291)	39,273,442	10,311,611	64,132,524
Profit for the year	–	–	–	–	–	–	3,412,374	491,042	3,903,416
Other comprehensive expense – Fair value changes of financial assets at FVTOCI	–	–	–	–	–	28	–	–	28
Total comprehensive income (expense) for the year	–	–	–	–	–	28	3,412,374	491,042	3,903,444
Transactions with owners:									
Distribution paid to holders of perpetual capital securities	–	–	–	–	–	–	–	(584,986)	(584,986)
Share purchased	(52,016)	(232,583)	–	–	–	–	–	–	(284,599)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(5,000,000)	(5,000,000)
Recognition of equity-settled share based payment expenses (note 46)	–	–	31,898	–	–	–	–	–	31,898
Dividends	–	–	–	–	–	–	(2,818,800)	–	(2,818,800)
Total transactions with owners	(52,016)	(232,583)	31,898	–	–	–	(2,818,800)	(5,584,986)	(8,656,487)
Balance at 31 December 2020	4,860,000	2,735,364	64,451	780,222	5,855,024	(263)	39,867,016	5,217,667	59,379,481

SUPPLEMENTAL INFORMATION

I. SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND THOSE UNDER THE PRC ACCOUNTING RULES AND REGULATIONS ("PRC GAAP")

The Group has also prepared a set of consolidated financial statements in accordance with relevant accounting principles and regulations applicable to PRC enterprises.

The consolidated financial statements prepared under IFRS and those prepared under PRC GAAP have the following major differences:

(1) Future development fund and work safety cost

(1a) Appropriation of future development fund is charged to profit before income taxes under PRC GAAP. Depreciation is not provided for plant and equipment acquired by utilising the future development fund under PRC GAAP but charged to expenses when acquired.

(1b) Appropriation of the work safety cost is charged to profit before taxes under PRC GAAP. Depreciation is not provided for plant and equipment acquired by utilising the provision of work safety cost under PRC GAAP but charged to expenses when acquired.

(2) Consolidation using acquisition method under IFRS and using common control method under PRC GAAP

(2a) Under IFRS, the acquisitions of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun, Donghua and Yankuang Finance have been accounted for using the acquisition method which accounts for their assets and liabilities at their fair value at the date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is capitalised as goodwill.

Under PRC GAAP, as the entities above are under the common control of the Parent Company, their assets and liabilities of are required to be included in the consolidated balance sheet of the Group at historical cost. The difference between the historical cost of their assets and liabilities acquired and the purchase price paid is recorded as an adjustment to shareholders' equity.

(3) Deferred taxation due to differences between the financial statements prepared under IFRS and PRC GAAP

(4) Reversal of impairment loss on intangible assets in Yancoal Australia

(4a) Under IFRS, the reversal of impairment loss on mining reserves was classified as other income in income statement.

Under PRC GAAP, no reversal of impairment loss on mining reserves was recognised.

SUPPLEMENTAL INFORMATION (Continued)

I. SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND THOSE UNDER THE PRC ACCOUNTING RULES AND REGULATIONS ("PRC GAAP") (Continued)

(5) Classification of perpetual capital security due to differences between the financial statements prepared under IFRS and PRC GAAP.

(5a) Under IFRS, the perpetual capital security issued by the company was classified as equity instrument and separated from net assets attributable to equity holders of the Company.

Under PRC GAAP, the perpetual capital security issued by the Company was classified as owners' equity.

The following tables summarises the differences between consolidated financial statements prepared under IFRS and those under PRC GAAP:

	Net income attributable to the equity holders of the Company for the year ended 31 December		Net assets attributable to the equity holders of the Company as at 31 December	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
As per consolidated financial statements prepared under IFRS	**6,318,000**	9,388,645	**57,894,751**	54,119,800
Impact of IFRS adjustments in respect of:				
– Future development fund charged to income before income taxes	**1,032,341**	(983,241)	**–**	–
– Reversal of provision of work safety cost	**9,811**	12,056	**(38,521)**	(48,332)
– Fair value adjustment and amortisation	**10,000**	10,000	**(220,052)**	(230,052)
– Goodwill arising from acquisition of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun	**–**	–	**(899,403)**	(899,403)
– Acquisition of Donghua	**2,043**	2,043	**(418,631)**	(420,674)
– Goodwill arising from acquisition of Yankuang Finance	**–**	–	**(16,966)**	(16,966)
– Deferred tax	**(266,609)**	228,165	**311,858**	578,467
– Perpetual capital security		–	**5,217,667**	10,311,611
– Reversal of impairment loss on intangible assets in Yancoal Australia	**10,199**	10,200	**(740,060)**	(750,259)
– Acquisition of additional interest in Moorlaben J.V.	**652,404**		**652,404**	–
– Bargaining purchase arising from acquisition of 厚朴項目	**(657,054)**		**(8,181,876)**	–
– Goodwill arising from acquisition of 東方盛隆 and 上海東江	**10,501**	–	**(90,426)**	–
– Others	**–**	–	**647,648**	647,648
As per consolidated financial statements prepared under PRC GAAP	**7,121,636**	8,667,868	**54,118,393**	63,291,840

Chapter 13

Documents Available for Inspection

Documents available for inspection	The financial statements sealed and signed by the persons in charge of the Company, the accounting work and the accounting department, respectively.
Documents available for inspection	The original copy of the auditor's report sealed by the accounting firm, and sealed and signed by the certified public accountants.
Documents available for inspection	The original copies of all documents and announcements published during the reporting period in websites designated by the CSRC.
Documents available for inspection	The annual report released in other securities markets.

Li Xiyong
Chairman

Approved by the Board for the submission on 26 March 2021

Revised information
Not applicable.

For further details
about information disclosure,
please visit the website of
Yanzhou Coal Mining Company Limited at