



兖矿能源集团股份有限公司

YANKUANG ENERGY GROUP COMPANY LIMITED

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

Stock Code : 01171

INTERIM REPORT 2022



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 this interim report and there are no misrepresentations, misleading statements contained herein or material omissions from the interim report for which they shall assume joint and several responsibilities.

The 2022 Interim Report of the Company has been approved by the 24th meeting of the eighth session of the Board. The quorum of the meeting is 10, and 10 Directors attended the meeting. All 10 Directors of quorum attended the meeting.

The financial statements contained in the 2022 Interim Report of the Company have not been audited.

The 2022 Interim Report of the Company has been reviewed by the audit committee of the Board.

Mr. Li Wei, Chairman of the Board, Mr. Zhao Qingchun, Chief Financial Officer, and Mr. Zhao Zhiguo, head of the finance management department of the Company, hereby warrant the authenticity, accuracy and completeness of the financial statements contained in this interim report.

The Company does not distribute profit in the first six months of 2022. There is no capital reserve transferred to share capital in the reporting period.

The forward-looking statements contained in this interim 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 which violated the prescribed decision-making procedures.

There was no such case that more than half of the Directors cannot guarantee the authenticity, accuracy and completeness of this interim report.

The Company has disclosed the main risks faced by the Group, their influences and the countermeasures in this interim report. For details, please refer to the relevant content in "Chapter 3 Management Discussion and Analysis", to which the investors' attention are drawn.

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DOCUMENTS AVAILABLE FOR INSPECTION

Financial statements with signatures and seals of Chairman, CFO and Director of Financial Department of the Company.

All original copies of documents and announcements disclosed at the websites as designated by China Securities Regulatory Commission during the reporting period.

Interim reports published at other security markets.

In this interim report, unless the context requires otherwise, the following expressions have the following meanings:

DEFINITIONS

“Yankuang Energy”, “Company” or “the Company”	means	Yankuang Energy Group 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”	means	The Company and its subsidiaries;
“Shandong Energy” or “the Controlling Shareholder”	means	Shandong Energy 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 54.92% of the total share capital of the Company as at the end of the reporting period;
“Heze Neng Hua”	means	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 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;
“Yulin Neng Hua”	means	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 chemical project in Shaanxi Province;
“Shanxi Neng Hua”	means	Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2003 and a wholly-owned subsidiary of the Company, which is mainly engaged in the management of projects invested in Shanxi Province by the Company;
“Ordos Company”	means	Yankuang Energy (Ordos) Company Limited (former Yanzhou Coal Ordos Company Company Limited, renamed as “Yankuang Energy (Ordos) Company Limited in June 2022), 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;

CHAPTER 1 DEFINITION – CONTINUED

“Haosheng Company”	means	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;
“Inner Mongolia Mining”	means	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, coal mining and preparation, mineral products sales, import and export and other businesses;
“Future Energy”	means	Shaanxi Future Energy Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2011, is a 73.97% owned subsidiary of the documents Company as at the end of the reporting period, which is mainly engaged in R&D, production and sales of chemical products;
“Lunan Chemicals”	means	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.;
“Donghua Heavy Industry”	means	Yankuang Donghua Heavy Industry Co., Ltd., 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”	means	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”	means	Yankuang Group Finance Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2010 and a 95% owned subsidiary of the Company as at the end of the reporting period;

CHAPTER 1 DEFINITION – CONTINUED

“Yancoal Australia”	means	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;
“Yancoal International”	means	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”	means	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;
“H Shares”	means	Overseas listed foreign invested shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the HKEX;
“A Shares”	means	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”	means	The People’s Republic of China;
“Hong Kong”	means	The Hong Kong Special Administrative Region of the PRC;
“CASs” or “ASBEs”	means	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC;
“IFRS”	means	International Financial Reporting Standards issued by the International Accounting Standards Board;
“CSRC”	means	China Securities Regulatory Commission;
“Hong Kong Listing Rules”	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“HKEX” or “Hong Kong Stock Exchange”	means	The Stock Exchange of Hong Kong Limited;

CHAPTER 1 DEFINITION – CONTINUED

“Shanghai Stock Exchange”	means	The Shanghai Stock Exchange;
“Company Law”	means	Company Law of the PRC;
“Securities Law”	means	Securities Law of the PRC;
“Articles”	means	The Articles of Association of the Company;
“Shareholders”	means	The shareholders of the Company;
“Directors”	means	The directors of the Company;
“Board”	means	The board of directors of the Company;
“Supervisors”	means	The supervisors of the Company;
“Supervisory Committee”	means	The Supervisory Committee of the Company
“RMB”	means	Renminbi, the lawful currency of the PRC, unless otherwise specified;
“AUD”	means	Australian dollars, the lawful currency of Australia;
“USD”	means	United States dollars, the lawful currency of the United States;
“HKD”	means	Hong Kong dollars, the lawful currency of Hong Kong.

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

Statutory Chinese Name:	兖礦能源集團股份有限公司
Abbreviation of Chinese Name:	兖礦能源
Statutory English Name:	Yankuang Energy Group Company Limited*
Abbreviation of English Name:	YANKUANG ENERGY
Legal Representative:	Li Wei
Authorized Representatives of HKEX:	Zhao Qingchun, Huang Xiaolong

* For identification purpose only

II. CONTACT DETAILS

	Secretary to the Board	Securities Representative of Shanghai Stock Exchange:
Name:	Huang Xiaolong	Shang Xiaoyu
Address:	Secretary Office to the Board, 949 Fushan South Road, Zoucheng City, Shandong Province, PRC	Secretary Office to the Board, 949 Fushan South Road, Zoucheng City, Shandong Province, PRC
Tel:	(86 537) 538 2319	(86 537) 539 2377
Fax:	(86 537) 538 3311	(86 537) 538 3311
E-mail:	yzc@yanzhoucoal.com.cn	xyshang.yzc@163.com

III. GENERAL INFORMATION

Registered Address:	949 Fushan South Road, Zoucheng City, Shandong Province, PRC
Office Address:	949 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

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS – CONTINUED

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 interim report:	Website for publishing A Shares interim report: http://www.sse.com.cn Website for publishing H Shares interim report: http://www.hkexnews.hk
The interim report is available at:	Secretary Office to the Board of Yankuang Energy Group Company Limited, 949 Fushan South Road, Zoucheng City, Shandong, the PRC.

V. CORPORATE STOCKS

Stock type	Place of Listing	Stock Abbreviation	Stock Code
A Share	Shanghai Stock Exchange	Yankuang Energy	600188
H Share	HKEX	YANKUANG ENERGY	01171

VI. OTHER INFORMATION

Certified Public Accountants (A Shares)	Name:	Shine Wing Certified Public Accountants (special general partnership)
	Office Address:	9/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC
Certified Public Accountants (H Shares)	Name:	SHINEWING (HK) CPA Limited
	Office Address:	17/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(Prepared in accordance with the IFRS)

(I) Operating Results

	For the six months ended 30 June			
	2022 (RMB'000) (unaudited)	2021 (RMB'000) (unaudited)	Changes as compared with the corresponding period of the previous year (%)	For the year ended 31 December 2021 (RMB'000) (audited)
Sales income	75,275,358	42,673,504	76.40	108,615,647
Gross profit	36,108,340	12,992,234	177.92	39,935,159
Financing cost	-2,341,181	-2,384,168	–	-5,319,334
Income before income tax	30,259,117	7,987,299	278.84	24,288,809
Net income attributable to equity holders of the Company for the reporting period	18,453,733	6,277,804	193.95	16,941,435
Earnings per Share	RMB3.78	RMB1.29	193.39	RMB3.48

Notes:

- ① The Company consolidated the financial statements of Yankuang Railway Logistics Co., Ltd. during the reporting period.
- ② During the reporting period, the Company completed the grant registration of the Restricted A Share Incentive Scheme for 2021 and granted 61,740,000 restricted shares to the participants successfully. A total of 12,779,580 shares were exercised during the second option exercising period under the Company's 2018 A Share Incentive Scheme and the total share capital of the Company increased to 4,948,703,640 shares. The earnings per share and other indicators were calculated based on weighted number of issued ordinary shares.

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS – CONTINUED

(II) Assets and Liabilities

	As at 30 June		As at
	2022	2021	31 December
	(RMB'000)	(RMB'000)	(RMB'000)
	(unaudited)	(unaudited)	(audited)
Current assets	105,026,498	69,219,987	88,952,198
Current liabilities	89,539,746	103,825,290	96,281,482
Total assets	315,331,537	283,133,249	301,959,007
Equity attributable to shareholders of the Company	77,495,823	59,269,350	68,657,660
Net assets value per share	RMB15.66	RMB12.16	RMB14.09
Return on net assets (%)	23.81	10.59	24.68

(III) Summary of Cash Flow Statement

	For the six months ended 30 June			For the year ended 31 December 2021 (RMB'000) (audited)
	2022 (RMB'000) (unaudited)	2021 (RMB'000) (unaudited)	Changes as compared with the corresponding period of the previous year (%)	
Net cash flow from operating activities	25,112,369	5,268,317	376.67	29,815,724
Net increase (decrease) in cash and cash equivalents	9,772,476	4,718,003	107.13	23,316,286
Net cash flow per share from operating activities	RMB5.14	RMB1.08	375.75	RMB6.12

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS

I. ILLUSTRATION ON MAIN BUSINESS AND RELATIVE INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

(I) Main Business and Mode of Operation

1. Coal business

The Company is one of the main coal producers, suppliers and traders in China and Australia. Its main products 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, Central China, South China, Northwest China and other regions of China, as well as Japan, South Korea, Thailand, Vietnam, Australia and other countries.

2. Coal chemical business

The Company's coal chemical business is mainly distributed in Shandong Province, Shaanxi Province and Inner Mongolia Autonomous Region. The main products include methanol, acetic acid, ethyl acetate, polyformaldehyde, crude liquid wax etc., which are mostly sold to North China, East China, Northwest China and other regions.

(II) Market Presence

Yankuang Energy is an international large-scale energy enterprise based on coal production and integrated with coal deep processing and comprehensive utilization. It is the largest coal producer in East China and a Chinese leading thermal coal and coking coal producer. Yancoal Australia, a controlled subsidiary of the Company, is the largest pure coal producer in Australia. The Group owns several complete chemical industrial chains, including coal gasification and coal liquefaction, and also owns the biggest individual coal liquefaction unit in China. Besides, it is the only enterprise in China that masters both low-temperature FT synthesis and high-temperature FT synthesis technology with its production capacity of acetic acid ranking the third and polyformaldehyde ranking the second respectively in China.

(III) Industry Overview

For the first half of 2022, Chinese coal industry has further carried out dual tasks of energy supply assurance and green transformation, and priorities were given to promote industry structure optimization and upgrading. Meanwhile, advantageous coal production capacity was unleashed and coal industry supply capability was consolidated as a result. Subject to intricate status quo of international energy supply and demand and constraints from tightened safety and environmental protection governance, the coal supply and demand maintain a momentum of tight balance, with coal price hovers in the medium and high range. The coal chemical industry is favourable in overall trend by taking advantage of the steady growth policy and etc. However, due to the rise of raw materials and weaker downstream demand, product prices fluctuate significantly.

II. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

In the first half of 2022, the Group comprehensively practiced the new development concept, scientifically responded to the complex economic environment, actively seized market and policy opportunities, further implemented lean management and fully unleashed incremental value generation potentials. As a result, the core competitiveness, value generating capability and sustainability of the Company have been comprehensively enhanced. Great efforts have been made to promote intelligent and high-efficient transformation of the mining industry. A batch of intelligent mining work faces have been newly built and remarkable achievements have been secured in the construction of intelligent mines. By implementing the “clean coal + tailored coal” strategy, the Company has steadily increased the proportion of high value-added products. In Shaanxi-Inner Mongolia base, Jinjitan coal mine and Yingpanhao coal mine have obtained mining licenses, where the resources advantages are being transformed into economic advantages in an accelerated pace.

The Australian base has witnessed the continuous improvement of operation quality and economic benefits. With Yancoal Australia having recovered all its investment in acquiring Coal & Allied, the resource and market synergy between China and Australia have been fully released. In terms of the chemical industry, the Group has accelerated extending its industry chain to the high-end value ones. Lunan Chemicals’ caprolactam has been applied in high-speed spinning of the polyester industry, and its paraformaldehyde products are rated as the first-class in the domestic market. Future Energy’s 115 °C refined Fischer-Tropsch wax successfully has entered the international high-end market. In terms of the new energy industry, the Group has launched the construction of distributed photovoltaic project, and implemented a batch of innovative R&D projects in energy storage where the technology and resource advantages are being efficiently accumulated. For the high-end equipment manufacturing industry, the Group has started the construction of the intelligent manufacturing park and successfully established a domestic leading manufacturing base for 8 types of core products. The self-developed 50000KN hydraulic support is known to have the largest loading capacity and the most complete functions across China. The equipment manufacturing has been advancing towards the high-end market. By establishing platforms and integrating resources, the Group has formed a “five in one” development model for its smart logistics industry, which integrates railroad, highway, ports, aviation, industrial parks and platforms. As a result, a highly efficient and synergized modern logistics system are being established in an accelerated pace.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

III. MANAGEMENT DISCUSSION AND ANALYSIS

Main Business

Item	Six months ended 30 June 2022	Six months ended 30 June 2021	Increase/ Decrease	Increase/ Decrease (%)
1. Coal Business (kiloton)				
Saleable coal production volume	50,638	50,969	-331	-0.65
Saleable coal sales volume	53,068	50,914	2,154	4.23
2. Coal Chemicals Business (kiloton)				
Production volume of Chemical products	3,133	3,022	111	3.66
Sales volume of chemical products	2,915	2,687	228	8.49
3. Power Generation Business (10,000KWh)				
Electricity generated	382,644	360,284	22,360	6.21
Electricity sold	322,604	301,241	21,363	7.09

Note: The data in above table for this reporting period and the corresponding reporting period for comparison are rounded off, while the increase or decrease percentage are based on original data before rounding off.

Significant Changes in the Company's Operation during the Reporting Period, or Matters had or Expected to have Significant Influence on the Company's Business Operation during the Reporting Period

Not applicable.

IV. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) The Operation of Business Segments

1. Coal Business

(1) Coal Production

During the first half of 2022, the Group produced 50.64 million tons of salable coal, representing a decrease of 0.33 million tons or 0.7% as compared with the corresponding period of last year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the saleable coal production volume of the Group for the first half of 2022:

Unit: kiloton

Item	For the six	For the six	Increase/ Decrease	Increase/ Decrease (%)
	months ended 30 June 2022	months ended 30 June 2021		
The Company	13,239	12,013	1,226	10.20
Heze Neng Hua	984	1,181	-196	-16.63
Shanxi Neng Hua	607	631	-24	-3.83
Future Energy	8,532	8,456	76	0.90
Ordos Company	6,060	6,418	-358	-5.57
Haosheng Company ^①	1,156	1,748	-592	-33.87
Inner Mongolia Mining ^②	2,005	519	1,486	286.65
Yancoal Australia	15,549	17,512	-1,964	-11.21
Yancoal International	2,506	2,492	14	0.58
Total	50,638	50,969	-331	-0.65

Notes:

- ① The saleable coal production of Haosheng Company decreased as compared with the corresponding period of the previous year, which was mainly due to the constraints of safety and environmental protection policy, causing the production during the reporting period decreased as compared with the corresponding period of the previous year.
- ② The saleable coal production of Inner Mongolia Mining increased as compared with the corresponding period of the previous year was mainly because the production capacity of Yingpanhao Coal Mine has gradually increased ever since its trial production phase in March 2022.

(2) Coal prices and sales

The sales volume of coal for the first half of 2022 was 53.07 million tons, representing an increase of 2.15 million tons or 4.2% as compared with the corresponding period of the previous year. Among which, the sales of self-produced coal was 46.84 million tons, representing 46.8% of 2022 sales plan of self-produced coal.

The sales income of coal business of the Group for the first half of 2022 was RMB61.282 billion, representing an increase of RMB30.328 billion or 98% as compared with the same period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the Group's production and sales of saleable coal by coal types for the first half of 2022:

	For the six months ended 30 June 2022				For the six months ended 30 June 2021			
	Production	Sales	Sales	Sales	Production	Sales	Sales	Sales
	volume	volume	price	income	volume	volume	price	income
	(kiloton)	(kiloton)	(RMB per ton)	(million RMB)	(kiloton)	(kiloton)	(RMB per ton)	(million RMB)
1. The Company	13,239	13,569	1,154.54	15,666	12,013	10,571	695.75	7,355
No.1 clean coal	424	453	1,752.21	793	388	389	893.95	348
No.2 clean coal	4,007	4,173	1,695.22	7,075	3,877	3,518	953.55	3,355
No.3 clean coal	1,442	2,733	1,403.85	3,836	1,718	1,539	815.68	1,255
Lump coal	-	-	-	-	10	8	771.65	7
Sub-total of clean coal	5,872	7,359	1,590.52	11,704	5,993	5,454	910.12	4,964
Screened raw coal	7,366	6,210	637.94	3,962	6,020	5,116	467.23	2,391
2. Heze Neng Hua	984	823	1,996.26	1,643	1,181	777	1,177.72	915
No.2 clean coal	823	823	1,996.26	1,643	1,000	777	1,177.72	915
Screened raw coal	162	-	-	-	180	-	-	-
3. Shanxi Neng Hua	607	605	580.72	351	631	627	388.65	244
Screened raw coal	607	605	580.72	351	631	627	388.65	244
4. Future Energy	8,532	5,281	788.87	4,166	8,456	6,538	533.97	3,491
No.3 clean coal	1,155	1,159	868.27	1,006	1,072	1,079	552.90	597
Lump coal	2,026	1,949	866.09	1,688	2,077	2,074	546.94	1,134
Screened raw coal	5,352	2,174	677.32	1,472	5,307	3,385	519.98	1,760
5. Ordos Company	6,060	5,521	593.04	3,274	6,418	4,443	407.90	1,812
Screened raw coal	6,060	5,521	593.04	3,274	6,418	4,443	407.90	1,812
6. Haosheng Company	1,156	1,106	742.00	821	1,748	1,910	489.46	935
Screened raw coal	1,156	1,106	742.00	821	1,748	1,910	489.46	935
7. Inner Mongolia Mining	2,005	1,772	636.46	1,128	519	537	376.04	202
Screened raw coal	2,005	1,772	636.46	1,128	519	537	376.04	202
8. Yancoal Australia	15,549	15,653	1,394.30	21,825	17,512	17,100	470.59	8,047
Semi-hard coking coal	73	73	1,848.38	136	61	60	629.22	38
Semi-soft coking coal	1,291	1,300	1,747.60	2,272	1,360	1,335	575.63	768
PCI coal	991	997	2,006.25	2,001	1,294	1,270	623.57	792
Thermal coal	13,194	13,282	1,311.28	17,417	14,797	14,435	446.76	6,449
9. Yancoal International	2,506	2,513	879.10	2,209	2,492	2,389	415.07	992
Thermal coal	2,506	2,513	879.10	2,209	2,492	2,389	415.07	992
10. Traded coal	-	6,225	1,638.45	10,199	-	6,021	1,156.16	6,962
Total of the Group	50,638	53,068	1,154.78	61,282	50,969	50,914	607.97	30,954

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the factors affecting the changes in sales income of coal.

	Impact of Changes on the Sales Volume of Coal (RMB million)	Impact of Changes on the Sales Price of Coal (RMB million)
The Company	2,086	6,225
Heze Neng Hua	54	674
Shanxi Neng Hua	-9	116
Future Energy	-671	1,346
Ordos Company	440	1,022
Haosheng Company	-394	279
Inner Mongolia Mining	464	461
Yancoal Australia	-681	14,459
Yancoal International	51	1,166
Traded Coal	235	3,002

The Group's coal products are mainly sold in markets of China, Japan, South Korea, Thailand, Vietnam, Australia, etc.

The following table sets out the Group's coal sales by geographical regions for the first half of 2022:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021	
	Sales Volume (kiloton)	Sales Income (RMB million)	Sales Volume (kiloton)	Sales Income (RMB million)
1. China	37,894	42,370	33,702	23,268
East China	22,079	28,066	18,036	14,142
South China	1,022	943	710	340
North China	7,569	6,277	8,715	5,129
Central China	2,885	3,412	1,127	907
Northwest China	2,903	1,945	4,428	2,221
Other regions	1,437	1,728	686	528
2. Japan	4,916	8,216	4,185	2,293
3. South Korea	2,303	3,399	2,255	1,131
4. Thailand	2,020	986	1,659	832
5. Vietnam	1,149	1,733	453	300
6. Australia	1,791	793	3,387	1,440
7. Others	2,996	3,784	5,273	1,691
8. Total for the Group	53,068	61,282	50,914	30,954

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the Group's coal sales volume by industries for the first half of 2022:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021	
	Sales Volume (kiloton)	Sales Income (RMB million)	Sales Volume (kiloton)	Sales Income (RMB million)
1. Electricity power	23,870	24,535	19,947	9,401
2. Metallurgy	4,014	7,438	4,398	4,073
3. Chemical	8,534	10,269	3,887	2,417
4. Trade	14,750	16,563	22,543	14,988
5. Others	1,901	2,478	138	74
6. Total for the Group	53,068	61,282	50,914	30,954

(3) The Cost of Coal Sales

The Group's cost of coal sales for the first half of 2022 was RMB25.427 billion, representing an increase of RMB5.507 billion or 27.6% over the corresponding period in 2021.

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

		Unit	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Increase/ Decrease	Increase/ Decrease (%)
The Company	Total cost of sales	RMB million	5,339	3,803	1,536	40.40
	Cost of sales per ton	RMB/ton	371.33	343.60	27.73	8.07
Heze Neng Hua	Total cost of sales	RMB million	670	481	189	39.20
	Cost of sales per ton	RMB/ton	686.53	539.22	147.32	27.32
Shanxi Neng Hua	Total cost of sales	RMB million	232	209	23	11.00
	Cost of sales per ton	RMB/ton	383.50	333.20	50.30	15.10
Future Energy	Total cost of sales	RMB million	1,696	1,497	199	13.31
	Cost of sales per ton	RMB/ton	230.50	194.19	36.31	18.70
Ordos Company	Total cost of sales	RMB million	1,140	853	286	33.57
	Cost of sales per ton	RMB/ton	206.43	192.06	14.37	7.48
Haosheng Company	Total cost of sales	RMB million	774	747	27	3.60
	Cost of sales per ton	RMB/ton	699.55	391.04	308.51	78.90
Inner Mongolia Mining	Total cost of sales	RMB million	630	308	322	104.53
	Cost of sales per ton	RMB/ton	355.44	573.19	-217.75	-37.99
Yancoal Australia	Total cost of sales	RMB million	6,366	5,863	503	8.58
	Cost of sales per ton	RMB/ton	406.73	341.14	65.60	19.23
Yancoal International	Total cost of sales	RMB million	759	644	115	17.85
	Cost of sales per ton	RMB/ton	302.02	269.55	32.47	12.05
Traded Coal	Total cost of sales	RMB million	10,082	6,433	3,648	56.71
	Cost of sales per ton	RMB/ton	1,619.64	1,068.39	551.25	51.60

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Notes:

The changes of cost of coal sales per ton of Haosheng Company are mainly because the sales volume of saleable coal of the reporting period decreased as compared with that of the previous year, which caused an increase of cost of coal sales per ton as compared with that of the previous year.

The changes of cost of coal sales per ton of Inner Mongolia Mining are mainly because the sales volume of saleable coal of the reporting period increased as compared with that of the previous year, which caused a decrease of cost of coal sales per ton as compared with that of the previous year.

2. Coal Chemicals Business

The following tables set out the Group's coal chemical business for the first half of 2022:

	For the six months ended 30 June 2022				For the six months ended 30 June 2021			
	Production volume (kiloton)	Sales volume (kiloton)	Sales income (RMB million)	Sales cost (RMB million)	Production volume (kiloton)	Sales volume (kiloton)	Sales income (RMB million)	Sales cost (RMB million)
1. Lunan Chemicals	1,005	786	5,682	4,263	1,065	874	5,639	3,387
of which: acetic acid	467	327	1,373	885	551	370	2,043	848
ethyl acetate	158	157	1,099	909	213	211	1,585	1,210
caprolactam	123	124	1,489	1,329	-	-	-	1,265
polyformaldehyde	37	36	663	335	32	34	379	299
2. Future Energy ^①	464	382	2,365	1,979	456	414	1,626	1,265
Of which: crude liquid wax	224	173	1,170	605	224	212	891	583
stabilized light hydrocarbons	103	104	608	433	109	104	608	305
3. Yulin Neng Hua	541	551	1,122	1,165	378	353	615	488
Of which: methanol	541	551	1,122	1,165	378	353	615	488
4. Ordos Company ^②	1,117	1,191	2,790	2,476	1,117	1,039	2,205	1,279
of which: methanol	962	1,017	2,051	1,876	956	885	1,550	944
glycol	155	173	739	600	161	154	655	336
5. Fine Chemicals ^③	5	5	14	7	6	6	11	7
Total	3,133	2,915	11,972	9,890	3,022	2,687	10,095	6,425

Notes:

- ① During the reporting period, the sales income of Future Energy's chemical business increased as compared with that of the corresponding period of the previous year is mainly because the sales price of its main chemical products increased as compared with that of corresponding period of the previous year.
- ② During the reporting period, the sales cost of Ordos Company increased as compared with that of corresponding period of the previous year is mainly due to the rising prices of raw materials.
- ③ Fine Chemicals refers to Yankuang Yulin Fine Chemicals Co., Ltd.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

3. Power Generation Business

The following tables set out the operation of the Group's power business for the first half of 2022:

	For the six months ended 30 June 2022				For the six months ended 30 June 2021			
	Power generation	Power sold	Sales income	Sales cost	Power generation	Power sold	Sales income	Sales cost
	(10000KWh)	(10000KWh)	(RMB million)	(RMB million)	(10000KWh)	(10000KWh)	(RMB million)	(RMB million)
1. Jisan Power ^①	73,021	66,247	289	197	53,277	53,277	181	141
2. Heze Neng Hua ^②	79,058	69,571	286	224	70,842	61,124	215	194
3. Lunan Chemicals ^③	17,248	14,512	72	35	13,869	4,938	27	25
4. Yulin Neng Hua	10,390	8,676	21	21	13,804	8,439	21	21
5. Future Energy ^④	44,351	16,599	41	62	57,910	22,880	66	73
6. Inner Mongolia Mining ^⑤	158,576	147,000	584	541	150,582	150,582	408	409
Total	382,644	322,604	1,293	1079	360,284	301,241	918	862

Notes:

- ① “Jisan Power” refers to Shandong Yankuang Jisan Power Co., Ltd. The power generation, sales volume and sales cost of Jisan power increased as compared with that of corresponding period of the previous year, which is mainly because its affiliated power plants increased their power generation capacity to meet customers' demands.
- ② The sales income of Heze Neng Hua increased as compared with that of corresponding period of the previous year, which is mainly because the sales price of electricity increased as compared with that of corresponding period of the previous year.
- ③ The sales volume, sales income and sales cost of Lunan Chemicals increased as compared with that of corresponding period of the previous year, which is mainly due to increase in proportion of electricity sold externally.
- ④ The sales income of Future Energy decreased as compared with that of corresponding period of the previous year, which is mainly because the affiliated power plants experienced overhaul during the reporting period, bringing down power generation volume.
- ⑤ The sales income and sales cost of Inner Mongolia Mining increased as compared with that of corresponding period of the previous year, which is due to the rise in sales price of electricity and prices of fuel as compared with that of corresponding period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(II) Analysis of Main Business

1. Analysis on changes of items in the financial statements

Unit: RMB million

Items	For the six months ended 30 June 2022 (RMB million)	For the six months ended 30 June 2021 (RMB million)	Increase/ Decrease (%)
Sales income	75,275	42,674	76.40
Sales cost	37,260	27,843	33.82
Sales, general and administrative expenditure	7,080	4,946	43.14
Income tax expense	7,614	1,386	449.20
Net cash generated from operating activities	25,112	5,268	376.67
Net cash generated from investing activities	-2,473	-13,849	-
Net cash generated from financing activities	-12,867	13,298	-196.76

(1) Analysis on changes of items in Condensed Consolidated Income Statement

Explanation on the reasons for the changes in sales cost: ① The cost for coal business increased by RMB5.507 billion as compared with that of the corresponding period of the previous year; ② The cost for coal chemicals increased by RMB3.464 billion as compared with that of the corresponding period of the previous year.

Explanation on the reasons for the changes in sales, general and administrative expenditure: ① The mining right royalty increased by RMB1.431 billion as compared with that of the corresponding period of the previous year; ② Employee remuneration, social security and welfare expenses increased by RMB362 million as compared with that of the corresponding period of the previous year.

Explanation on the reasons for the changes in income tax: The taxable income of the Group increased as compared with that of the corresponding period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(2) Analysis on changes of items in Condensed Consolidated Cash Flow Statement

Analysis on changes of net cash generated from operating activities: During the reporting period, the increase in both sales volume and sales price of coal business led to the increase in net cash generated from operating activities as compared with that of the corresponding period of the previous year.

Analysis on changes of net cash generated from investing activities: During the reporting period, the consideration for acquiring subsidiaries decreased by RMB8.482 billion as compared with that of the corresponding period of the previous year.

Analysis on changes of net cash generated from financing activities: ① Yankuang Finance Company provided external financial services in forms of deposits and loans, which led to a decrease of RMB13.513 billion in the net cash used for financial activities as compared with that of corresponding period of the previous year; ② the proceeds of borrowings decreased by RMB4.519 billion as compared with that of the corresponding period of the previous year; ③ Dividends paid to minority shareholders increased by RMB2.525 billion as compared with that of corresponding period of the previous year.

2. *Elaboration on significant changes in business scope, the profit structure or source of profit of the Company during the reporting period* (Data in this Chapter is prepared in according with the CASs)

Not applicable.

3. *Source and use of fund*

For the first half of 2022, the Group's source of fund was mainly from operating cash flow, bond issuance and bank loans. And the fund was mainly used for operating expenses, purchasing of property, machinery and equipment, repayment of liabilities due, payment of consideration for assets and equity acquisition.

(III) Elaboration of Significant Changes of Profit Due to Non-core Business

Not applicable.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(IV) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Closing amount as at 30 June 2022	Percentage to the total assets as at 30 June 2022 (%)	Closing amount as at 30 June 2021	Percentage to the total assets as at 30 June 2021 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Long-term receivables, due in more than one year	3,757	1.19	6,343	2.10	-40.78	① During the reporting period, Yancoal Australia received a repayment of long-term loans of RMB922 million from the Middlemount Mine Joint Venture; ② the loans and advances issued by the Group decreased by RMB1.95 billion as compared with that of the beginning of the year.
Tax payable	5,941	1.88	2,492	0.83	138.40	The Group's taxable income increased as compared with the corresponding period of the previous year.
Long-term payable, due in more than one year	5,045	1.60	3,624	1.20	39.23	The Group's special government bonds payable increased by RMB1.50 billion as compared with that of the beginning of the year.
Perpetual capital stockholders	13,072	4.15	8,118	2.69	61.03	The Company issued RMB5.00 billion of renewable medium-term notes.

Other explanations

Not applicable

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

2. Overseas asset

(Related data was prepared under the CASs)

(1) Size of asset

As at 30 June 2022, the Group's overseas asset is RMB81.294 billion, accounting for 26.9% of the total asset.

(2) Elaboration on the high proportion of overseas asset

Unit: RMB million

Overseas asset	Reasons of ownership	Mode of operation	Operating revenue of the reporting period	Net profit of the reporting period
Yancoal Australia	incorporated by investment	self-operated	22,534	8,033
Yancoal International	incorporated by investment	self-operated	2,286	1,194

Others

Not applicable.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

3. *Major asset subject to restrictions as at the end of this reporting period*
(Prepared under the CASs)

As at 30 June 2022, the Group's asset subject to restriction was RMB84.095 billion, which mainly includes money funds, receivables financing and related assets pledged to obtain borrowings. For details, please refer to the Note "Assets Subject to Restriction on Ownership or Right of Use to the Consolidated Financial Statements" prepared under the CASs.

4. *Other information*

(1) Debt to equity ratio

As at 30 June 2022, the equity attributable to the shareholders of the Company and the borrowings amounted to RMB77.496 billion and RMB100.655 billion respectively, representing a debt-to-equity ratio of 129.9%.

(2) Contingent liabilities

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

(3) Pledge of assets

For details of pledge of assets, please refer to Note "Notes to The Consolidated Financial Statements Assets Subject to Restriction on Ownership or Right of Use to the Consolidated Financial Statements" prepared under the CASs.

(V) Analysis of Investment

(Financial data in this section are all prepared under the CASs)

1. *Analysis on general external equity investment*

Not applicable.

(1) Significant equity investment

Not applicable.

(2) Major non-equity investment

Not applicable.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(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 special right of return of Middlemount Coal Mine and equity investment. The initial investment was RMB1.698 billion and the balance as at the end of the reporting period was RMB1.687 billion. The liabilities are mainly interest rate swap agreements and contingent royalties with an initial investment of RMB539 million and a balance of RMB598 million at the end of the reporting period.

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 equity instrument investment. The initial investment was RMB127.61 million, and the balance as at the end of the reporting period was RMB126.815 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 to the consolidated financial statements prepared in accordance with CASs.

(VI) Disposal of Material Assets and Equity

Not applicable.

(VII) Analysis on Major Controlled Companies and Joint Stock Companies

(Financial data in this section are all prepared under the CASs)

1. Major controlled companies

For the first half of 2022, the controlled companies having relative significant impacts on the net profit attributable to the shareholders of the listed company are as follows.

Unit: RMB million

Name of company	Registered capital	As at 30 June 2022		
		Total assets	Net assets	Net profit for the first half of 2022
Future Energy	5,400	26,914	18,643	3,374
Yancoal Australia	AUD6,027 million	62,971	32,043	8,033

Note: For detailed information on the main business and main financial data of the Group's major controlled subsidiaries, please refer to Note "Interests in Other Entities-Interests in Subsidiaries" to the financial statements prepared under the CASs.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The major controlled subsidiaries with significant fluctuations of operating results in the first half of 2022 are as follows.

Future Energy

In the first half of 2022, Future Energy realized a net profit of RMB3.374 billion, representing an increase of RMB1.228 billion or 57.2% as compared with that of corresponding period of the previous year, which is mainly due to the rise of sales price of saleable coal as compared with that of corresponding period of the previous year.

Yancoal Australia

In the first half of 2022, Yancoal Australia realized a net profit of RMB8.033 billion as compared with a net loss of RMB638 million generated in the first half of 2021. The change is mainly due to the rise of saleable coal prices as compared with that of corresponding period of the previous year.

2. Major joint stock companies

For detailed information on the main business and main financial data of the Group's joint stock companies, please refer to Note "Interests in Other Entities-Interests in Joint Venture or Associated Companies" to the financial statements prepared under the CASs.

3. The operation of Yankuang Finance Company

As at the end of this reporting period, the Company holds 95% equity interest in Yankuang Finance Company.

(1) The balance of bank deposit and bank loan by Yankuang Finance Company during the reporting period

Unit: RMB million

	The closing amount of the reporting period	The opening amount of the reporting period	Increase/decrease (%)
Bank deposit	35,566	37,781	-5.86
Bank loan	15,867	15,050	5.43

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(2) The main operating indicators of Yankuang Finance Company

Unit: RMB million

	The amount of the reporting period	The amount of the same period of the previous year	Increase/decrease (%)
Operating revenue	486	378	28.68
Net profit	203	175	15.99

	The closing amount of the reporting period	The opening amount of the reporting period	Increase/decrease (%)
Net asset	5,904	5,702	3.55
Total asset	41,529	43,602	-4.75

(VIII) Entities Controlled by the Company

Not applicable.

V. DISCLOSURE ON OTHER EVENTS

(Financial data herein this chapter is prepared under the CASs)

(I) Possible Risks

Risks arising from safety management

The business segments of the Group, namely coal mining and coal chemicals, are of high hazardous nature and of complex uncertainties, thus the risk of safety management can easily arise.

Countermeasures:

The Group has implemented a dual-prevention safety management system, and strengthened the comprehensive identification of risk and hazard factors to ensure that risks are controllable. The Group has also scientifically formulated planning for the governance of major disasters in the period of the “14th Five-Year Plan”, designed tailor-made policies for individual coal mines, established and improved the control and management system, made extra efforts to enhance governance efficiency for major disasters in a precise manner. The Group has adopted the innovative development model that features the integration of intelligent technology, digital advancement and modernization, realized the intelligent upgrading of production systems such as coal mining and roadway heading, improved the safety management system for operations of hazardous nature, which will develop into a standardized and ruled based management system with linear procedures.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Environmental protection risks

The national environmental protection policy is becoming more and more stringent, and the social awareness is also growing on environmental protection, which brings stricter constraints to the Group. And also the Company's coal business is subject to major impacts from China's commitment to realize "carbon peaking and carbon neutrality" to the world.

Countermeasures:

The Group will strictly implement the requirements of environmental protection regulations, actively promote the upgrading of facilities and improve the operation and management of facilities to ensure that pollutants are discharged in accordance with the standards. The Group will implement strategic transformation, actively promote the transformation of traditional industries and the rise of new industries, and follow the path of green and low-carbon development. The Group will also promote the efficient and clean utilization of coal and continue to ensure the ballast role of coal in energy mix.

Exchange rate risks

As a multinational company, the Group sees that its overseas investment, overseas financing, international trade and other businesses are all subject to foreign exchange rate fluctuations, which causes many uncertainties to the Group's operation and strategic development.

Countermeasures:

The Group has strengthened the study and analysis on how exchange rates fluctuate, and learn to comprehensively use multiple financial tools to reduce the risks of exchange rate fluctuation. According to the trend of fluctuation of the exchange rate of the transaction currency, an appropriate insured-value clause shall be sealed in the transaction contract. Besides, the Group must be able to flexibly draw on foreign exchange derivatives, and to sign forward foreign exchange swaps in order to lock exchange rate fluctuations.

Risks arising from geopolitics:

The Group's businesses are distributed in different regions and countries, and its oversea business operation are subject to changes in local government policies, economies and international relations. If there is any material adverse change in these factors, the Group's business, financial position and operating results may be adversely affected.

Countermeasures:

First, the Group will pay close attention to international developments, strengthen analysis of political and economic developments in the locations where the Group operate businesses, identify and anticipate geopolitical risks that the overseas business operations may face in a timely manner, and formulate countermeasures. Second, the Group will continue to adhere to the localization strategy, comply with local laws and regulations, and actively integrate into the local economic and social development.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(II) Other Disclosure

1. Capital Expenditure Plan

The capital expenditure for the first half of 2022 and the capital expenditure plan of 2022 of the Group (grouped by entity) are set out in the following table:

Unit: RMB10 thousand

	For the first half of 2022	For the year 2022 (planned)
The Company	103,605	518,820
Donghua Heavy Industry	44	42,496
Heze Neng Hua	21,676	146,136
Lunan Chemicals	12,287	160,535
Shanxi Neng Hua	–	4,781
Future Energy	11,383	90,507
Yulin Neng Hua	2,280	21,768
Ordos Company	408	96,547
Haosheng Company	–	26,958
Inner Mongolia Mining	8,040	56,088
Yancoal Australia	59,952	308,907
Yancoal International	20,353	147,191
Other subsidiaries	86	23,430
Total	240,113	1,644,164

The capital expenditure for the first half of 2022 and the capital expenditure plan of 2022 of the Group (grouped by the usage of fund) are set out in the following table:

Unit: RMB10 thousand

	For the first half of 2022	For the year 2022 (planned)
Infrastructure Project	89,160	612,997
Coal mine infrastructure	59,894	253,639
Infrastructure for chemical projects	12,983	146,158
Infrastructure for logistics and warehouse	11,535	165,976
Machinery manufacturing infrastructures	–	30,000
Other infrastructures	4,748	17,224
Maintenance of simple reproduction	117,640	907,475
Safety production plan expenditure	5,514	75,994
Technology R&D plan	–	17,115
Technology revamp plan	27,798	30,583
Total	240,113	1,644,164

The Group possesses relatively sufficient cash and financing sources currently, which are expected to meet the operation and development demand.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

2. *Coal exploration, development and mining during the reporting period*

For the first half of 2022, the Group's coal exploration expenditure was RMB1.23 million, mainly including mining optimization expenditure of Yancoal Australia's Moolarben coal mine and Cameby Downs coal mine according to annual exploration plan; while the relevant capital expenditure for coal development and mining was about RMB1,408 million, mainly including mine property, machinery and equipment investment of existing coal mines, as well as the development and mining expenditure by Wanfu coal mine and the coal mines of Yancoal Australia and Yancoal International.

3. *Operation strategy of the second half of 2022*

In the second half of 2022, the external environment is expected to remain complex and severe, and the macro economy will still face risks and challenges. Under the intensified control and regulation policies, the coal industry structure adjustment will speed up. Given such cases, the Group will actively practice new development concept, continuously optimize its industrial structure and regional development priorities, energize the vitality of business operation and management, improve the quality of economic operation and promote high-quality development.

Accelerate strategic transformation and upgrading. The Group will concentrate its advantageous resource elements on the “five pillar industries” and ensure that its industrial structure is being continuously optimized and competitive strength is being significantly enhanced. **The mining industry** will experience accelerated transformation and upgrading. The Group aims to build “four-type” mines that are safe, green, intelligent and highly-efficient, and strives to revamp and upgrade the demonstration intelligent mines at a quick pace. For mines in Shandong, the Group will stabilize production to fully tap their potentials. For mines in Shaanxi and Inner Mongolia, the Group will further increase their production and economic benefits, continuously acquire prime assets and strategic resources, and accelerate the release of advanced and advantageous production capacity of Jinjiitan, Yingpanhao, Shilawusu and other coal mines. As for Australian mines, the Group aims to preserve quantity, improve quality, hedge against the impact of natural disasters and production reduction. The Group will prudently and scientifically promote the development of non-coal mineral resources. **For the high-end chemical new materials industry**, the Group will focus on high-end, fine and low-carbon development, strive to extend, complement and strengthen its industrial chains, and promote the clustered development of coal-based and amino-based new material industrial chain. The Group will boost the construction of caprolactam industry chain project by Lunan Chemicals, the 500,000 tons/year high temperature Fischer-Tropsch project of Future Energy, and the 100,000 tons/year DMMn project of Yulin Neng Hua so as to seek cluster development of fine chemicals. “Gaining momentum” is the focus of the new energy industry. Placing priorities to onshore wind power generation, photovoltaic power generation and the upstream and downstream of the photovoltaic industry, the Group will coordinate M&A and cooperative development to promote the intensive development of the industry. As for **the high-end equipment manufacturing industry**, the Group will accelerate the construction of Luxi intelligent manufacturing park, promote the joint venture projects and ensure that the joint venture will be put into operation by the end of March 2023. Orderly integrating resources is the key task of the smart logistics industry. The Group will accelerate the construction of Tai'an port, Sihokou port, Yingpanhao freight station and other logistics parks, promote the construction of railroad lines in Shaanxi and Mongolia mining areas, and strives to build a “five-in-one” modern logistics industry system that integrates railroads, highways, ports and aviation, parks and platforms.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Further improve quality and efficiency of lean management. The Group will integrate lean management and market-based reform, continuously to carry out “two increases, three decreases and three improvements” activities, and improve lean management and control in an all-round manner.

Control expenses, and reduce expenditure and costs. The Group will further implement the comprehensive budget management, see the cost budget and per unit consumption indicators as the “red line”, strive to keep the per unit cost stable, and cut over 5% of unit cost for major products on a year-on-year basis. The Group actively promotes the reduction in leverage and debt, strictly controls financing costs, broaden financing channels, and reduces financial expenses by 5% as compared with the corresponding period of the previous year.

Further implement lean marketing. The Group will strengthen its efforts in analyzing and judging the market trends, deeply implement the “clean coal + tailored coal” strategy, effectively improve the production rate of clean coal and ensure an annual sales volume of no less than 25 million tons of clean coal and an annual sales volume of no less than 2 million tons of tailored coal.

Optimize the supply system. The Group will improve the lean material supply management system and use various means such as cooperative procurement and social storage to reduce the capital occupation of inventory.

Consolidate high-quality development. The Group will launch the creation of a model corporate governance enterprise, create a transparent, standardized and efficient corporate governance structure, and forge a unique governance system for listed companies. The Group will innovate the “resource + capital” model, use capital operation as a means to acquire a number of high-quality resources and target enterprises with good quality and efficiency, strong synergy and low investment cost, so as to achieve incremental growth. Besides, the Group will fully promote and implement the excellent performance management model, and steer the Group to transform into a quality and efficiency-oriented, cultural development-oriented and innovation-driven enterprise.

4. *The Impact of Exchange Rate Changes*

The exchange rate changes mainly impact:

- (1) The overseas coal sales income, as the overseas coal sales of the Group are denominated in USD and AUD, respectively;
- (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 changes in foreign exchange rates, the Group had book exchange gain of RMB244 million during the reporting period.

To manage foreign currency risks arising from the expected sales revenue, Yancoal Australia has entered into foreign exchange hedging contracts with banks.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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

Save as disclosed above, the Group neither take foreign exchange hedging measures on other foreign currencies, nor hedge RMB with other foreign currencies during the reporting period.

5. *Taxation*

For the first half of 2022, except that some subsidiaries incorporated in PRC enjoyed favorable income tax rate of 15% on their taxable profits, the Company and the remaining subsidiaries incorporated in the PRC were subject to an income tax rate of 25% on their taxable profits. Yancoal Australia was subject to a tax rate of 30% on its taxable profits, and Yancoal International was subject to a tax rate of 16.5% on its taxable profits from Australian asset.

For details of favorable income tax policy and tax rate for the above subsidiaries incorporated in the PRC, please refer to Note “Taxation Favorable Tax” to the financial statements prepared in accordance with the CASs.

CHAPTER 4 COMPANY GOVERNANCE

I. INFORMATION ON GENERAL MEETINGS OF SHAREHOLDERS

Session of meeting	Date of meeting	Query index of the designated websites for publishing resolutions	Date of disclosure of resolutions	Resolutions
The 2022 First Extraordinary General Meeting of Shareholders	27 January 2022	The website of Shanghai Stock Exchange (http://www.sse.com.cn)	27 January 2022	All proposals approved
The 2022 First Class Meeting of the Holders of A Shares	27 January 2022	The website of Hong Kong Stock Exchange	27 January 2022	All proposals approved
The 2022 First Class Meeting of the Holders of H Shares	27 January 2022	(http://www.hkexnews.hk) The Company's website	27 January 2022	All proposals approved
The 2021 Annual General Meeting of Shareholders	30 June 2022	(http://www.yanzhoucoal.com.cn)	30 June 2022	All proposals approved
The 2022 Second Class Meeting of the Holders of A Shares	30 June 2022		30 June 2022	All proposals approved
The 2022 Second Class Meeting of the Holders of H Shares	30 June 2022		30 June 2022	All proposals approved

Note: The date of disclosure indicates the date when the resolutions were published.

Extraordinary general meeting of shareholders convened upon request by the holders of preferred shares with voting rights resumed.

Not Applicable.

The Explanation on Shareholders General Meeting

Not Applicable.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

II. CHANGES ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

(I) Changes of Positions in the Company

Name	Title	Changes
Ma Junpeng	Chief Engineer	Appointed
Kang Dan	Chief Safety Officer	Appointed
Wang Ruolin	Director	Resigned
Zhou Hong	Supervisor, Chairman of the Supervisory Committee	Resigned
Gong Zhijie	Vice General Manger	Resigned
Liu Qiang	Vice General Manger	Resigned

Elaboration on changes on Directors, Supervisors and the Senior Management

1. Changes of Board member

On 29 March 2022, the Board received the resignation report of Mr. Tian Hui, an Independent Director of the Company. Due to personal reasons, Mr. Tian Hui applied for his resignation as an Independent Director of the Company and related positions held in the Audit Committee, Nomination Committee and Sustainable Development Committee of the Board. Before the election of new Directors at the Company's general meeting of Shareholders, Mr. Tian Hui will continue to perform his duties in accordance with relevant laws, regulations and the Articles.

On 24 August 2022, the Board received the resignation letter of Mr. Wang Ruolin, and due to work adjustment, he no longer serves as the Director of the Company and relevant position at the audit committee of the Board. His resignation was effective on the same date.

2. Changes of members of Supervisory Committee

On 25 January 2022, the Supervisory Committee received the resignation report of Mr. Zhou Hong, the Supervisor and Chairman of the Supervisory Committee. Due to work arrangement, Mr. Zhou Hong no longer serves as a Supervisor and Chairman of the Supervisory Committee. His resignation was effective on the same date.

3. Changes on Senior Management

As reviewed and approved at the twenty-first meeting of the eighth session of the Board convened on 30 March 2022, Mr. Ma Junpeng was appointed as the Chief Engineer with the same term of office as other senior managements appointed by the eighth session of Board.

As reviewed and approved at the twenty-second meeting of the eighth session of the Board convened on 29 April 2022, Mr. Kang Dan was appointed as the Chief Safety Officer with the same term of office as other senior managements appointed by the eighth session of Board.

On 28 April 2022, the Board received resignations of Mr. Gong Zhijie, the vice general manager of the Company, and Mr. Liu Qiang, the vice general manager of the Company. Mr. Gong Zhijie and Mr. Liu Qiang resigned the above-mentioned positions due to work arrangements.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

(II) Changes on Positions in Subsidiaries of the Company

(Prepared in accordance with the Hong Kong Listing Rules)

Title in the Company	Name	Title before change	Title after change	Date of Changes
Director, General Manager	Xiao Yaomeng	–	Director of Yancoal Australia	30 May 2022
Vice General Manager	Zhang Yanwei	–	Chairman of Yantai Jinzheng Environmental Protection Technology Co., Ltd.	16 March 2022
Vice General Manager (Resigned)	Gong Zhijie	Chairman of Yantai Jinzheng Environmental Protection Technology Co., Ltd.	–	16 March 2022
Director, Chief Financial Officer	Zhao Qingchun	Chairman of Hua Ju Energy Holding (Beijing) Co., Ltd	–	29 January 2022
				15 February 2022

III. PROFIT DISTRIBUTION SCHEME OR CAPITAL RESERVE TRANSFERRED TO SHARE CAPITAL SCHEME

Proposed Profit Distribution Scheme or Capital Reserve Transferred to Share Capital Scheme for the First Half of 2022

Whether distributed or transferred No

IV. 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

General Information on Share Incentive

Not applicable.

Other explanations.

The A Share Incentive Scheme in 2018

Incentive method: share options

Source of underlying shares: Issuance of shares to incentive participants

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 approved at the 2019 first extraordinary general meeting of shareholders, the 2019 first class meeting of shareholders of A Shares, the 2019 first class meeting of shareholders of H Shares and the 23rd meeting of the seventh session of the Board on 12 February 2019, the Company grants stock options to incentive participants (the “Participants”) in accordance with the 2018 A Share option incentive scheme (the “Share Option Scheme”).

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 exercising period are mature, and the exercising period is from 18 February 2021 to 11 February 2022. As of 19 May 2021, a total of 14,184,060 shares have been exercised by 469 incentive participants.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

As considered and approved at the twentieth meeting of the eighth session of the Board dated 27 January 2022, the Company confirms that the conditions for the second exercising period are mature, and the exercising period is from 14 February 2022 to 10 February 2023. As of the closing of the Report, details of option exercise are as follows:

Unit: 10,000 shares

No.	Name	Title	Options granted	Options exercised during the reporting period	Closing price on the trading day before the date of exercising (RMB)	Options not exercised as at 30 June 2022
1	Xiao Yaomeng	Director, Senior Management	15	4.95	30.72	5.10
2	Zhao Qingchun	Director, Senior Management	26	8.58	30.72	8.84
3	Tian Zhaohua	Senior Management	15	4.95	31.20	5.10
4	Li Weiqing	Senior Management	15	4.95	30.66	5.10
5	Ma Junpeng	Senior Management	15	4.95	30.72	5.10
6	Kang Dan	Senior Management	12	3.96	30.66	4.08
7	Wang Ruolin	Director (resigned)	15	4.95	30.66	5.10
8	Gong Zhijie	Senior Management (Resigned)	26	8.58	31.20	8.84
Others (427)			3,684.644	1,232.688	–	1,254.26
Total (435)			3,823.644	1,277.958	–	1,301.52

Note: Due to resignation, personal performance and other reasons of some incentive participants, the Company have cancelled 3,042,020 share options of them.

Summary of the Share Option Scheme

(I) The Grant 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.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

The Participants include the Directors, senior management, mid-level management and backbone 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*

As approved at the 2019 first extraordinary general meeting of Shareholders, the 2019 first class meeting of Shareholders of A Shares, the 2019 first class meeting of Shareholders of H Shares and the 23rd meeting of the seventh session of the Board on 12 February 2019, the Company grants 46.32 million stock options to a total of 499 Participants. The underlying shares are A Shares.

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*

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*

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.

- (1) 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;
- (2) Within ten (10) days before the announcement of the Company's results forecast and performance news;
- (3) 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.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

The “significant transactions”, “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 exercising period of the options granted under the Share Option Scheme and its arrangement are shown in the following table.

Arrangement for the exercise	Exercising Period	Proportion of exercisable Share Options to the total number of granted Share Options
First Exercising 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 Exercising 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 Exercising 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*

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 exercising 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.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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*

The Share Option Scheme comes into effect since approval by the 2019 first extraordinary general meeting, the 2019 first class meeting of Shareholders of H Shares and the 2019 first class meeting of Shareholders of A Shares convened 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.

(II) Historical adjustment to the Share Option Scheme

As reviewed and approved at the eighth meeting of the eighth session of the Board convened on 13 January 2021, the Company cancelled 3,299,140 share options granted but not exercised, which were granted to 33 incentive participants due to reasons such as resignation, personal performance, etc., the total number of share options is adjusted from 46,320,000 to 43,020,860. Since the Company made dividend distribution during the vesting period, the Board of the Company adjusted the exercising price under the Share Option Scheme to RMB7.52 per share.

As reviewed and approved at the twentieth meeting of the eighth session of the Board convened on 27 January 2022, the Company cancelled 2,831,720 share options granted but not exercised, which were granted to 37 incentive participants due to reasons such as resignation, personal performance, etc., the total number of share options is adjusted from 28,836,800 to 26,005,080. Since the Company made dividend distribution during the vesting period, the Board of the Company adjusted the exercising price under the Share Option Scheme to RMB6.52 per share.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

As reviewed and approved at the twenty-second meeting of the eighth session of the Board convened on 29 April 2022, the Company cancelled 210,300 share options granted but not exercised, which were granted to 6 people due to reasons such as resignation, the total number of share options is adjusted from 13,225,500 to 13,015,200.

(III) Use of Proceeds

The total proceeds from the exercise of the options amounted to RMB189,987,000, which would be used to supplement the Company's operation capital.

2021 Restricted A Shares Incentive Scheme

Incentive method: restricted shares

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	According to "Accounting Standards for Business Enterprises No. 11-Share-based Payment", the Company takes the difference between the closing price of the shares on the grant date and the grant price as the share-based payment cost per restricted share, and will finally confirm the share-based payment cost of this incentive plan.
Parameter	Closing price and grant price of the shares on the grant date
Calculation results	The fair value of each share option is RMB12.80.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

As approved at the 2022 first extraordinary general meeting of shareholders, the 2022 first class meeting of shareholders of A shares, the 2022 first class meeting of shareholders of H shares and the twentieth meeting of the eighth session of the Board on 27 January 2022, the Company grants restricted shares to incentive participants under the 2021 A-Share Restricted Share Incentive Scheme (“Restricted Stock Incentive Scheme”). As of the disclosure date of this report, the grant of restricted shares is as follows:

Unit: 10,000 shares

Name	Title	Number of restricted shares held at the beginning of the year	Number of Newly Granted Restricted Shares	Grant price of restricted share (RMB)	Shares unlocked	Share locked	Market price at the end of the reporting period (RMB)
Xiao Yaomeng	Director, Senior Management	0	20	11.72	0	20	39.48
Zhao Qingchun	Director, Senior Management	0	16	11.72	0	16	39.48
Huang Xiaolong	Director, Senior Management	0	16	11.72	0	16	39.48
Zhang Yanwei	Senior Management	0	16	11.72	0	16	39.48
Zhang Chuanchang	Senior Management	0	16	11.72	0	16	39.48
Tian Zhaohua	Senior Management	0	16	11.72	0	16	39.48
Li Weiqing	Senior Management	0	16	11.72	0	16	39.48
Ma Junpeng	Senior Management	0	8	11.72	0	8	39.48
Kang Dan	Senior Management	0	8	11.72	0	8	39.48
Wang Ruolin	Director (resigned)	0	16	11.72	0	16	39.48
Gong Zhijie	Senior Management (Resigned)	0	16	11.72	0	16	39.48
Liu Qiang	Senior Management (Resigned)	0	16	11.72	0	16	39.48
Directors and Senior Management (12)		0	180	–	0	180	–
Others (1,233)		0	5,994	–	0	5,994	–
Total (1,245)		0	6,174	–	0	6,174	–

Summary of the Restricted Share Incentive Scheme

(I) The Grant of the Restricted Share Incentive Scheme

1. *The purpose of the Restricted Share Incentive Scheme*

To further improve the medium and long-term incentive mechanism, fully mobilize the enthusiasm of the Company's management team and key employees, closely combine the interests of Shareholders, the Company's interests and the personal interests of the core team, and enhance the Company's market competitiveness and sustainable development capabilities.

2. *The scope of participants of the Restricted Share Incentive Scheme*

The Participants include the Directors, senior management, mid-level management and backbone 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*

The number of A share options to be granted to 1,245 Incentive objects under the Share Option Scheme is 61.74 million, representing approximately 1.27% of the total issued share capital of 4,874.1841 million shares of the Company as at the grant date.

4. *The maximum amount of share options for each Participant*

The number of Company shares granted by any one of the incentive objects through all the Share Restricted Option Scheme within the validity period shall not exceed 1% of the Company's total share capital on the announcement date of the draft restricted share option scheme.

5. *The vesting date*

As reviewed and approved at the twentieth meeting of the eighth session of the Board convened on 27 January 2022, the vesting date is 27 January 2022.

6. *Lock-up period*

Lock-up periods of the Restricted Share Incentive Scheme are 24 months, 36 months and 48 months from the date of completion of the registration of the grant of restricted shares.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

7. *Unlocking Arrangements*

The unlocking period of the restricted shares granted by the restricted share incentive plan and the unlocking time schedule of each period are shown in the following table:

Unlocking Arrangements	Unlocking Period	Proportion of Unlocking
First Unlocking Period	From the first trading day after the 24th month from the registration date of the restricted share to the last trading day within the 36th month from the registration date for the restricted share	33%
Second Unlocking Period	From the first trading day after the 36th month from the registration date of the restricted share to the last trading day within the 48th month from the registration date for the restricted share	33%
Third Unlocking Period	From the first trading day after the 48th month from the registration date of restricted shares to the last trading day within the 60th month from the registration date for restricted shares	34%

If the Company's performance assessment target for a certain period of unlocking restricted shares is not achieved, all the restricted shares of the incentive objects cannot be lifted and canceled by the Company. Restricted shares are repurchased and canceled by the Company. The repurchase price shall not be higher than the lower of the grant price and the market price (the market price is the average transaction price of the company's underlying share on the trading day before the board of directors' consideration of the repurchase).

8. *The Grant Price*

The grant price of the restricted share incentive plan is RMB11.72 per share, that is, after meeting the granting conditions, the incentive object can purchase the company's additional restricted shares issued by the company to the incentive object at a price of RMB11.72 per share.

9. *The basis of determination of grant price*

The grant price shall not be lower than the par value of the stock and shall not be lower than 50% of the fair market price, and the fair market price shall be determined by the higher of the following prices:

Standard 1: The average trading price of the Company's underlying shares one trading day before the announcement of the draft restricted share option scheme;

Standard 2: One of the average trading prices of the Company's underlying shares 20 trading days, 60 trading days or 120 trading days prior to the announcement of the draft restricted share option scheme.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

See the table below for details:

Unit : RMB/Share

	Standard 1		Standard 2		Lowest Granting Price
	The average trading price of the Company's share in the previous trading day	The average trading price of the Company's share in the previous 20 trading days	The average trading price of the Company's share in the previous 60 trading days	The average trading price of the Company's share in the previous 120 trading days	
A Share	23.44	23.29	27.03	22.55	11.72

10. *The validity period*

The Share Restricted Option Scheme comes into effect since approval by the 2022 first extraordinary general meeting, the 2022 first class meeting of Shareholders of H Shares and the 2022 first class meeting of Shareholders of A Shares convened on 27 January 2022. 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.

11. *The completion of the granting*

On 24 February 2022, the Company completed the registration of the grant of restricted shares in the Shanghai branch of China Clearing Corporation. For details, please refer to the Company's announcement dated 25 February 2022 on the results of the grant of the 2021 A-share restricted share option scheme.

(II) Use of Proceeds

The total proceeds from the exercise of the options amounted to RMB723.5929 million, which would be used to supplement the Company's operation capital.

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 2021 on 26 February 2022 and the announcement of the rights to issuing performance shares dated 26 March 2022. The above announcements were also posted on the websites of Yancoal Australia, the Australia Stock Exchange and/or the HKEX.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

V. CORPORATE GOVERNANCE

(Prepared according to the listing rules in PRC)

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. In accordance with the latest amendments to the CSRC Guidelines on Articles of Association of Listed Companies (CSRC Announcement [2022] No. 2), the Shanghai Stock Exchange Rules for the Listing of Stocks (SSE [2022] No. 1) and other systems, and taking into account the actual operational needs of the Company, the Company has, first, adjusted the relevant items in the scope of business and the Company's share capital structure and registered capital; second, further clarified the application scope of the "short term trading", the approval authority for providing external financial assistance and projects guarantees; third, added the circumstances under which votes may not be cast at Shareholders' meetings, the judgment criteria for the approval authority of relevant matters, and further clarified the subject of solicitation of voting rights; fourth, revised the criteria for consideration of asset impairment and write-off matters, and amended the relevant contents of Rules of Procedures for Shareholders' General Meeting and Rules of Procedures for the Board of Directors accordingly.

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 abroad, following the principles of transparency, accountability and protection of 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.

VI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND MODEL CODE

(Prepared in accordance with the Hong Kong Listing Rules)

The Group has set up a relatively regulated and stable 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 crucial to the operation and development of the Group. The Group has established the reporting system to all Directors, to ensure all Directors are informed of the Company's business. The Group believes that the periodical Board meetings can provide an effective communication channel for the non-executive directors, thus enabling the non-executive Directors to discuss fully and openly 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 places where the shares of the Company are traded, and consistently endeavors to implement a high standard of corporate governance.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

The corporate governance measures implemented by the Group include, but not limited to the following: the Articles, 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 Work Policy of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Approval and the Disclosure of Connected/Related Transactions of the Company, the Rules for the Management of Relationships with Investors, Management System of the Company's Shares Held by the Board of Directors, the Board of Supervisors, Senior Management and Internal Information Insiders, 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. As at the date of disclosure of the report, the corporate governance rules and practices of the Group are in compliance with the principles and the code provisions set out in the Corporate Governance Code (the "Code") contained in the Hong Kong Listing Rules. The corporate governance practices of the Group comply with the requirements of the Code.

During the reporting period, the Company has strictly complied with the above corporate governance documents and the Code without any deviation.

The Directors, Supervisors and senior management of the Company have strictly complied with the Model Code and the Management System of the Company's Shares Held by the Board of Directors, the Board of Supervisors, Senior Management and Internal Information Insiders and the Code for Securities Transactions of the Management of the Company. The Company has adopted a code of conduct no less exacting than the Model Code with respect to securities transactions by directors, supervisors and senior management.

For details, please refer to the Report on Corporate Governance of the Company included in 2021 annual report of the Company.

VII. INVESTOR RELATIONS

The Company has been continuously perfecting the system for the management of relationships with Investors, and improved standard management of investor relations through effective information collection, compilation, examination, disclosure, and feedback management procedures. During the reporting period, the Company reported the business situation to investors face-to-face by means of reverse roadshows, and at the same time understood the opinions and suggestions of investors and the capital market on the Company. Actively hold regular performance report briefings and take the initiative to hold investor briefings on relevant major issues. In addition to regular channels such as SSE e-interaction, investor briefings, etc., respond to investor complaints and opinions by telephone, email, We-chat, etc., or seek opinions and suggestions from investors and improve them. More than 2,100 person-times of two-way smooth communication and exchanges with analysts, fund managers and investors of the capital market.

I. ENVIRONMENTAL INFORMATION

(I) 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*

Guided by the Xi Jinping Thought on Ecological Conservation, the Group has strictly abided by the laws and regulations to deal with environmental pollution, 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, Law of the Environmental Pollution Prevention and Control of Solid Waste of the People's Republic of China, and The Environmental Impact Assessment Law of the People's Republic of China, etc. The Group keeps improving the environmental protection management system and mechanism, strengthen source governance, and actively build itself into a resource-saving and environment-friendly enterprise. During the reporting period, no significant environment pollution incidents occur within the Group, who has not received any punishment due to significant violation of environment protection laws from environmental protection regulators.

In the first half of 2022, the coal mines affiliated to the Group are equipped with sound facilities for sewage process and dust control at coal stockyards, which operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, SO₂, NO_x, PM10, meets all discharging standards. The power plants affiliated to the Group are equipped with sound facilities for exhaust gas management, which operate in a stable manner, and the discharge of main pollutants, such as smoke dust, SO₂, NO_x, etc. meets all discharging standards. The chemical plants affiliated to the Group are equipped with sound facilities for industrial sewage processing and boiler fuel gas management, which operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, PM10, SO₂, NO_x, etc. meets all discharging standards.

All of the key pollutant discharging entities in the Group have applied for pollutant discharging certificates, and they discharged pollutants accordingly and within the total permitted discharging volume, which meet relevant environment protection requirements. The information of subsidiaries listed as key pollutant discharging entities released by the environmental protection authorities in 2022 are as follows.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in for the six months ended 30 June 2021
1	Nantun Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, household wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	"Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018)	COD: 128.4 tons Ammonia nitrogen: 6.4 tons	COD: 12.4 tons Ammonia nitrogen: 0.11 tons
2	Baodian Coal Mine (Key pollutant discharging entity in Shandong Province)	wastewater				COD: 120.4 tons Ammonia nitrogen: 6.0 tons	COD: 20.5 tons Ammonia nitrogen: 0.27 tons
3	Yangcun Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 33.1 tons Ammonia nitrogen: 1.7 tons	COD: 2.9 tons Ammonia nitrogen: 0.08 tons
4	Dongtan Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 9.8 tons Ammonia nitrogen: 0.4 tons	COD: 0 tons Ammonia nitrogen: 0 tons
5	Jining No.2 Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 30.7 tons Ammonia nitrogen: 2.9 tons	COD: 4.4 tons Ammonia nitrogen: 0.04 tons
6	Jining No.3 Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 362.9 tons Ammonia nitrogen: 18.1 tons	COD: 5.0 tons Ammonia nitrogen: 0.15 tons
7	Zhaolou Coal Mine (Key pollutant discharging entity in Shandong Province)				"Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018)	COD: 95.4 tons Ammonia nitrogen: 5.9 tons	COD: 4.9 tons Ammonia nitrogen: 0.01 tons
8	Xinglongzhuang Coal Mine (Key industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of household waste water)				"Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018); "Emission Standard of Pollutants for Urban Sewage Treatment Plants" (GB 18918-2002)	COD: 109.0 tons Ammonia nitrogen: 5.5 tons	COD: 0.7 tons Ammonia nitrogen: 0.003 tons
9	Tianchi Coal Mine of Shanxi Neng Hua (Key pollutant discharging entity of Jinzhong City)				"Surface Water Environmental Quality Standard" (GB3838-2002)	No total emission requirements for COD, ammonia nitrogen	COD: 3.5 tons Ammonia nitrogen: 0.18 tons

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in for the six months ended 30 June 2021
10	Coal-to-Oil Branch of Shaanxi Future Energy Company (National key pollutant discharging entity)	Boiler flue gas	PM (particulate matter), SO ₂ , NO _x	Smoke and gas discharged to the air after purification; and the waste water recycled for utilization after treatment in waste water treatment station and the remaining discharged	"Emission Standard of Air Pollutants for Boilers in Shaanxi Province" (DB61/1226-2018)	PM: 96.6 tons SO ₂ : 617.0 tons NO _x : 1,149.4 tons	PM: 6.7 tons SO ₂ : 27.9 tons NO _x : 234.6 tons
11	Zhuanlongwan Coal Mine of Ordos Company (Ordos City key pollutant discharging entity)				"Boiler Air Pollutant Emission Standard" (GB13271-2014)	PM: 19.4 tons SO ₂ : 89.4 tons NO _x : 114.8 tons	PM: 3.7 tons SO ₂ : 8.9 tons NO _x : 22.3 tons
12	Shilawusu Coal Mine of Ordos Nenghua (Ordos City pollutant discharging entity)					PM: 23.5 tons SO ₂ : 107.2 tons NO _x : 81.0 tons	PM: 0.1 tons SO ₂ : 29.1 tons NO _x : 27.4 tons
13	Jinjitan Coal Mine (Yulin City key pollutant discharging entity)				"Boiler Air Pollutant Emission Standard" (GB13271-2014)	PM: 14.0 tons SO ₂ : 46.6 tons NO _x : 93.1 tons	PM: 0.4 tons SO ₂ : 0.4 tons NO _x : 10.2 tons
14	Rongxin Chemicals of Ordos Company (National key air pollutant discharging entity)				"Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011)	PM: 243.7 tons SO ₂ : 492.8 tons NO _x : 923.0 tons	PM: 4.4 tons SO ₂ : 61.8 tons NO _x : 126.4 tons
15	Zhaolou Power Plant (National key pollutant discharging entity)			Smoke and gas discharged to the air after purification	"Shandong Province Thermal Power Plant Air Pollutant Emission Standard" (DB37/664-2019)	PM: 34.6 tons SO ₂ : 242.4 tons NO _x : 346.3 tons	PM: 4.2 tons SO ₂ : 30.0 tons NO _x : 89.8 tons
16	Jisan Power (National key pollutant discharging entity)					PM: 32.4 tons SO ₂ : 226.9 tons NO _x : 319.0 tons	PM: 5.8 tons SO ₂ : 25.3 tons NO _x : 143.3 tons
17	Power Plants affiliate to Inner Mongolia Mining Company (Ulan Qab key pollutant discharging entity)				"Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011)	PM: 374 tons SO ₂ : 1,522.1 tons NO _x : 1,522.1 tons	PM: 17.5 tons SO ₂ : 81.6 tons NO _x : 232.3 tons

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in for the six months ended 30 June 2021
18	Yulin Neng Hua (National key pollutant discharging entity)	Boiler flue gas, industrial wastewater, household wastewater	PM (particulate matter), SO ₂ , NO _x , chemical oxygen demand (COD), ammonia nitrogen	Smoke and gas discharged to the air after purification, 2018); and the waste water recycled for utilization after treatment in waste water treatment station and the remaining discharged	"Shaanxi Province Boiler Air Pollutant Emission Standard (DB61/1226-2018); "Shaanxi Province Yellow River Basin Sewage Comprehensive Discharge Standard" (DB61/224-2018)	PM: 169.8 tons SO ₂ : 1,042.7 tons NO _x : 590.8 tons COD: 90.5 tons Ammonia nitrogen: 14.5 tons	PM: 7.4 tons SO ₂ : 72.7 tons NO _x : 121.6 tons COD: 1.2 tons Ammonia nitrogen: 0.11 tons
19	Yankuang Lunan Chemical Company (National key air pollutant discharging entity)				"Shandong Province Thermal Power Plant Air Pollutant Emission Standard" (DB37/664-2019); "Regional Air Pollutant Comprehensive Emission Standard" (DB37/2376-2019); "Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018)	PM: 93.8 tons SO ₂ : 544.9 tons NO _x : 787.1 tons COD: 577.0 tons Ammonia nitrogen: 91.0 tons	PM: 11.4 tons SO ₂ : 54.3 tons NO _x : 171.5 tons COD: 204.0 tons Ammonia nitrogen: 7.96 tons

2. Construction and operation of pollution control facilities

The relevant subsidiaries of the Group have built complete pollution source treatment facilities. The pollution control facilities operate in parallel with the production system to ensure that pollutants are discharged according to relevant standards.

The coal mines enterprises affiliated to the Group have built mine water and domestic sewage treatment facilities. Through the construction of silos, closed coal sheds and closed material sheds, the Group finished the complete closure of the coal yard and coal gangue yard. 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.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
1	Nantun Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. High salt mine water treatment facility is under construction.
2	Zhaolou Coal Mine	
3	Jining No.3 Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. High salt mine water treatment facility is in normal operation.
4	Dongtan Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. High salt mine water treatment facility is in normal operation. The domestic sewage reconstruction and expansion project is under construction.
5	Jining No.2 Coal Mine	
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 domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. High salt mine water treatment facility is in normal operation.
9	Tianchi Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. 2 natural gas boilers have been built to replace coal burned boiler, while one is 10 steam tons and the other is 6 steam tons.
10	Zhuanlongwan Coal Mine of Ordos Company	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 3 boilers of 20 steam tons each, which are all equipped with de-dusting, desulfurization and de-nitration facilities and are in normal running.
11	Shilawusu Coal Mine of Ordos Company	Shilawusu has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 3 boilers with 20 steam tons each, and 1 circulating fluidized bed boiler with 45 steam tons, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation.
12	Jinjitan Coal Mine	Jinjitan has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 2 boilers with 65 steam tons each, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation.
13	Coal-to-Oil Company of 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-dusting, desulfurization and de-nitration facilities. which have completed ultra-low emission retrofit and are in normal operation

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
14	Yulin Neng Hua	2 industrial wastewater treatment stations have been built as required and are in normal operation. It also has 4 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
15	Rongxin Chemicals of Ordos Company	Rongxin Chemicals has built two domestic sewage treatment stations as required, which are all in normal operation. It also has 3 units of 220 steam tons and 2 units of 380 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.
16	Lunan Chemicals	Lunan Chemicals has an industrial waste water treatment plant in normal operation as required. It also has 2 circulating fluidized bed boilers of 130 steam tons each, 2 circulating fluidized bed boilers of 260 steam tons and 2 pulverized coal boilers of 480 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have completed ultra-low emission retrofit.
17	Zhaolou Power Plant	It has 1 boiler, with total capacity of 1,025 steam tons, which is all equipped with de-dusting, desulfurization and de-nitration facilities and has achieved ultra-low emission retrofit and is in normal operation.
18	Jisan Power	It has 2 boilers, with total capacity of 880 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.
19	Power Plants affiliated to Inner Mongolia Mining	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 are in normal operation.

3. *Environmental impact assessment on constructive projects and other administrative licenses for environmental protection*

The Group conscientiously abides by the Environmental Impact Assessment Law and other relevant laws and regulations, and strictly fulfills the environmental management procedures of construction projects, implements the requirements of environmental impact assessment and carries out environmental impact assessment before the commencement of projects construction. In accordance with the requirements for environmental impact assessment and the government replies, the pollution control & ecological preservation projects and the main construction project are designed, constructed and put into use at the same time. The Group implements the requirements for environmental inspection and acceptance for construction projects upon completion, and carry out independent environmental inspection and acceptance after the trial operation to ensure that the construction of projects is consistent with laws and regulations.

All the key emission units of the Group have applied for emission permits and discharged pollutants as required, and the permits are all within the validity period.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

4. *Contingency plan for emergent environmental incidents*

Each production unit of the Group has prepared contingency plans for environmental emergencies on its own through authorized qualified units, which are assessed by the competent environmental protection administration department of the government and relevant experts for record. At the same time, the Group has prepared sufficient emergency facilities, carried out regular emergency drills to improve the capability of preventing and controlling environmental pollution incidents so as to minimize or reduce the occurrence of environmental incidents.

5. *Environmental self-monitoring program*

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

(1) Online monitoring

- ① Mine water. Online monitoring of COD in the discharge water from the coal mine is carried out every two hours by a third party as required and the monitoring data is synchronized to the government monitoring platform in a real time manner.
- ② Household wastewater. Online monitoring of COD, ammonia nitrogen, TP and TN in the discharge water is carried out every two hours by a third party as required and the monitoring data is synchronized to the government monitoring platform in a real time manner.
- ③ Industrial wastewater. Online monitoring of COD, ammonia nitrogen, TP and TN in the discharge water is carried out every two hours by a third party as required and the monitoring data is synchronized to the government monitoring platform in a real time manner.
- ④ Boiler smoke. Online monitoring of SO₂, NO_x, and particulate matter is carried out once an hour by a third party as required and the monitoring data is synchronized to the government monitoring platform in a real time manner.
- ⑤ Online monitoring of PM10 in coal yard. Online monitoring of PM10 in coal yard exit is carried out once an hour by a third party as required and the monitoring data is synchronized to the government monitoring platform in a real time manner.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

(2) 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 particulate matter, SO₂ and NO_x quarterly.
- ③ The Group has entrusted a third party to implement plant boundary noise monitoring quarterly.
- ④ The monitoring of radioactive sources has been conducted by a third party as required yearly.

6. *Administrative penalties due to environmental issues during the reporting period*

Administrative penalties due to environmental issues in the first half of 2022

No.	Entity for penalty	Inspection authorities	Notification number	Issues	Penalty (RMB0'000)
1	Zhaolou Coal Mine	Heze Ecological Environment Bureau Yuncheng County Branch	He Yun Huan Fa Zi [2022] No.300114	The amount of silver sulfate and total salt in the external drainage exceeds the standard.	73
			Total		73

7. *Other environmental information that should be disclosed*

Not applicable

(II) Environmental Protection Statement for Companies Other Than the Key Pollutant Discharging Entities

1. *Administrative penalties due to environmental issues*

Not applicable.

2. *Disclosure of Other Environmental Information with Reference to the Key Pollutant Discharging Entities*

Not applicable.

3. *Reasons for Not Disclosing Other Environmental Information*

In accordance with the principles of source prevention, process control, and end treatment, the Group implements clean production and carries out pollution prevention in order to minimize the impact of production on the environment. At the same time, the Group actively carries out water and soil conservation, subsided area management, reclamation and greening, ecological construction, etc., in order to protect and improve the local ecological environment. The companies or subsidiaries other than the key pollutant discharging entities are mainly involved in energy resource consumption and emission from daily office operations and have minor impacts on the environment, so they did not disclose environmental information. In addition, these companies strictly abide by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, and the Solid Waste Pollution Prevention Law of the People's Republic of China.

The coal mines owned by Yancoal Australia strictly abide by relevant Australian environmental protection laws, regulations and supervision regulations. These coal mines are equipped with pollution prevention and control facilities, which are in full operation. The discharge of exhaust gas, wastewater, solid waste and other pollutants is in compliance with local pollutant discharge standards. For possible environmental accident risks, Yancoal Australia has formulated emergency plans for environmental accidents and other emergencies, and established a communication and reporting system to local governments, environmental protection regulatory agencies, and community residents that may be affected. For the environmental information of Yancoal Australia, please refer to the "Environmental, Social and Governance Report" regularly disclosed by Yancoal Australia.

(III) Description of the Follow-up Progress or Changes in the Disclosure of Environmental Information during the Reporting Period

Not applicable.

(IV) Relevant Information that is Conducive to Protecting the Ecology, Preventing and Controlling Pollution, and Fulfilling Environmental Responsibilities

The Group actively promoted the construction of key projects on pollution prevention and control, and the status of key projects during the reporting period is as follows:

Deep treatment facilities for high saline water in Dongtan Coal Mine, Jining No. 2 Coal Mine, Jining No. 3 Coal Mine have been put into operation. The quality of the external drainage water is controlled below 650mg/L for sulfate, and the total salt content is controlled below 1,600mg/L, which meet the discharge standards. And the water quality of the storage water body is expected to improve continuously.

(V) Measures Taken to Reduce Carbon Emissions during the Reporting Period and Their Effects.

Dongtan Coal Mine made every effort to promote the optimization and renovation of the mine water supply network, so as to reduce the leakage rate of the network and improve the utilization rate of water resources. Lunan Chemicals accelerated the implementation of the heat recovery and pressure boosting operation renovation project in the east plant area, shutting down three compressors and striving to achieve the power saving of 28 million kWh/year. Future Energy Coal-to-Oil Branch will improve the construction of power and water saving projects such as purification and de-oxygenation boiler feed pump renovation, desalination water ultra-filtration backwash water recycling, etc., and ensure that the projects will achieve power saving of 1.568 million kW-h/year and reduce carbon emissions by 1,231 tons after they are put into operation.

II. SPECIFIC INFORMATION ON CONSOLIDATING THE RESULTS OF POVERTY ALLEVIATION AND IMPLEMENTING RURAL REVITALIZATION

In the first half of 2022, the Group actively fulfilled its social responsibility of revitalizing the rural areas by assisting villages from Heze City and Ordos City to realize revitalization of industry, talents, culture, ecology and organization, which showcased a positive SOE image. Focusing on industrial revitalization, the Groups led the villages to develop special planting projects, explored an industrial model that taps the synergy of party branch, enterprises and cooperatives and implemented organic vegetables, edible mushrooms, grapes and honeysuckle planting projects, which added opportunities for villagers to increase incomes. The groups actively merged into the local economic construction by supporting the implementation of the forest and fruit economy projects and food deep processing projects in Ejin Horo Banner, Inner Mongolia. Focusing on talent revitalization, the Group actively organized local party committee, villagers self-governing committee and farmers to conduct on-site studies so as to guide villagers to adopt scientific planting methods and implement standardized management. The Group actively recruited “rural revitalization partners” and provided free training on skills such as pastry and electric welding to over 50 trainees, which cleaned the obstacles (lack of skills) to employment. The Group also held legal lectures and invited judicial departments and lawyers at municipal and county levels to conduct relevant legal advocacy activities in rural areas so as to safeguard the development of the countryside. For cultural revitalization, the Group carried out in-depth educational campaigns on customs changing. By frequently organizing festival themed activities, the Group contributed to the cultivation of country civilization in the new era. The Group has organized villagers to watch films and Chinese opera performances for a total of 25 times and held variety shows on a regular basis, bringing cultural feeds to villagers continuously. For ecological revitalization, the group offered help to villages with insufficient and backward infrastructures by setting up party service groups, renovating village roads, filling pits and ponds as well as planting trees with the goal of achieving urban and rural integration in terms of environment and sanitation and establishing beautiful modern villages. For the organization revitalization, the Group has summarized the characteristics of rural party building work, developed a series of opinions on the implementation of brand village party branch building projects and formed a standardized and effective party building work mechanism. By comprehensively standardizing the rules of procedure and decision-making procedures of village affairs, the Group ensured that the village party branch and party members could function effectively.

CHAPTER 6 SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

(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 Timely Performance	Measures in Case of Failure of Timely Performance
Undertakings Related to IPO	Resolve horizontal competition	Shandong Energy	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	No	Yes	Under normal performance	None
Other undertakings	Others	Shandong Energy	Shandong Energy made undertakings in relation to finance business with Yankuang Finance Company as followings.	27 July 2018 Long-term Effective	No	Yes	Under normal performance	None

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Timely Performance	Measures in Case of Failure of Timely Performance
			<p>1. In view of the independence of Yankuang Energy in assets, business, personnel, finance and other aspects from Shandong Energy, Shandong Energy will continue to maintain the independence of Yankuang Energy and fully respect its right of management; Yankuang Energy and its subsidiary Yankuang Finance Company will decide on the financial business between Yankuang Finance Company and Shandong Energy 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 Finance Company Limited.</p> <p>2. To ensure the safety of the Company's fund managed by Yankuang Finance Company, Shandong Energy 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.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Timely Performance	Measures in Case of Failure of Timely Performance
			<p>3. In case Shandong Energy and its controlled companies misappropriated any capital fund of Yankuang Energy through Yankuang Finance Company or in any other form and caused any loss, Shandong Energy and its controlled companies will make full amount compensation in cash.</p>					
			<p>4. Shandong Energy 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 Yankuang Energy and other public shareholders.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Timely Performance	Measures in Case of Failure of Timely Performance
	Others	Shandong Energy	On 30 September 2020, Shandong Energy and Yankuang Energy signed the "Equity and Assets Transfer Agreement" agreeing that Yankuang Energy will acquire relevant assets of Shandong Energy for approximately RMB18.355 billion in cash (the "Transaction"), including 49.315% equity of Future Energy, 100% equity of Fine Chemicals, 100% equity of Lunan Chemicals, 100% equity of Yankuang Jining Chemical Equipment Co., Ltd. ("Chemical Equipment"), 100% equity of Yankuang Coal Chemicals Supply and Marketing Co., Ltd. ("Coal Chemicals Supply and Marketing"), 99% equity of Jining No.3 Power (the foregoing subjects are collectively referred to as the "Target Companies", and the foregoing equity interests are referred to as the "Target Equity") 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, Shandong Energy 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

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Timely Performance	Measures in Case of Failure of Timely Performance
			<p>1.Shandong Energy 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 target equity will not be less than RMB4.314 billion ("Committed Net Profit"). At the same time, Shandong Energy'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%.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Timely Performance	Measures in Case of Failure of Timely Performance
			<p>2. After the commitment period, if the total amount of actual net profit corresponding to the target equity does not reach the promised net profit, Shandong Energy will compensate Yankuang Energy in cash. The specific compensation amount is calculated 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 = (Net profit of Future Energy or Jining No.3 Power attributable to shareholders of the parent company after deducting non-recurring gains and losses in each year) × Future Energy's or Jining No.3 Power'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 Yankuang Energy and Shandong Energy. The accounting firm shall be jointly recognized by Shandong Energy and Yankuang Energy.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Timely Performance	Measures in Case of Failure of Timely Performance
			<p>3. Shandong Energy 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 Yankuang Energy that clarifies the specific amount to be compensated during the commitment period.</p> <p>4. If during the commitment period due to force majeure ("Force majeure" refers to objective circumstances that cannot be foreseen, unavoidable and cannot be overcome when the Shandong Energy and Yankuang Energy 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, epidemics, 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), the normal production and operation of the target companies is materially and adversely affected or the target companies are no longer controlled by Yankuang Energy, from the year in which the foregoing situation occurred (including the year), Shandong Energy may adjust the amount of committed net profit and other content accordingly based on the degree of influence of the foregoing circumstances.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

II. NON-OPERATING CAPITAL MISAPPROPRIATED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Not Applicable.

III. VIOLATION OF GUARANTEES

Not Applicable.

IV. AUDITING OF INTERIM REPORT

Not Applicable.

V. CHANGES AND HANDLING OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS IN THE ANNUAL REPORT OF THE PREVIOUS YEAR

Not Applicable.

VI. MATTER RELATED TO BANKRUPTCY AND REORGANIZATION

Not Applicable.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

VII. 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 Yankuang Energy

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.

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 Yankuang Energy and requested Yankuang Energy 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.

The case is currently suspended and it is not yet possible to determine the impact of the above arbitration matters on the Company’s profits after the reporting period.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

(II) Litigation and Arbitration Not Disclosed in Extraordinary Announcements or with Subsequent Progress

Unit: RMB0'000

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Jointly and severally 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")	Yankuang Energy	Litigation	<p>In March 2020, Xiamen Xinda sued Zhongyin Logistics and Yankuang Energy 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 cargo principal and the corresponding interest of RMB232.6609 million. The Company is required to bear joint and several liability.</p> <p>In June 2022, the Xiamen Intermediate Court rejected Xiamen Xinda's lawsuit in the first instance and Yankuang Energy won the case.</p> <p>Xiamen Xinda has now appealed to the Fujian Provincial High People's Court.</p>	23266.09	No	Under the second instance proceedings	The case is currently under second instance proceedings, and it is not yet possible to judge the impact of this litigation matter on the Company's profit after the period.	-
Yankuang Energy	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	<p>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 to 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.</p> <p>The Company has recovered RMB3 million in two cases, which were settled; the remaining 87 cases were transferred to Yinchuan Intermediate Court.</p> <p>By now, Yankuang Energy has won all the remaining 87 cases and applied for execution.</p>	27,210.00	No	Case closed	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.	Being executed

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Jointly and severally liable party	Type	Background	Estimated liabilities and amount		Progress	Judgment and impact	Judgment execution
					Amount Involved	and amount			
CRRC Shijiazhuang Vehicle Co., Ltd., Shijiazhuang Gongbei Heavy Machinery Co., Ltd. and other bills holders	Yankuang Energy	Beijing Baota International Economic and Technical Cooperation Co., Ltd., Baota Finance Co., Ltd. and other bills debtors	Litigation	<p>From December 2018, citing the bill dispute, the holders of the acceptance bill of Baota Finance Company sued Yankuang Energy in 45 cases respectively, demanding to exercise the right of recourse for the bills, involving a total amount of RMB55.95 million.</p> <p>Up to present, the Company has lost 31 cases. After the Company lost the lawsuits, the Company assumed 31 cases of bill liability and paid RMB43.25 million; 14 cases were exempted from liability due to the defect of bills, with a total amount of RMB12.6 million.</p>	5,595.00	No	Case closed	The Company has paid RMB43.25 million in accordance with the court's judgment.	-
China Huarong Asset Management Co., Ltd., Inner Mongolia Autonomous Branch ("China Huarong")	Yankuang Energy	Ordos Jinchengtai Chemical Co., Ltd. ("Jinchengtai"), etc.	Litigation	<p>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 of principal and corresponding interest and other expenses respectively RMB451 million and RMB680 million. Since Jinchengtai pledged its accounts receivable from Yankuang Energy to China Huarong, China Huarong sued the Company as a third party to the Hohhot Intermediate Court and required the Company to fulfill the corresponding payment obligations within the pledged accounts receivable.</p> <p>In August 2020, the Company received the changed complaint, and China Huarong listed the Company as a co-defendant.</p> <p>In June 2021, the Hohhot Intermediate People's Court opened a trial.</p> <p>In February 2022, the Company received a first instance judgment from the Huzhou Intermediate Court, which exonerated the Company from liability in favor of the lawsuit.</p> <p>China Huarong has now appealed to the High People's Court of Inner Mongolia Autonomous Region.</p>	113,100.00	No	Under the second instance proceedings	The case is currently under second instance proceedings, and it is not yet possible to judge the impact of this litigation matter on the Company's profit after the period.	-

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Jointly and severally liable party	Type	Background	Amount Involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Jinchengtai	Yankuang Energy	None	Arbitration	On 5 July 2022, Jinchengtai filed an arbitration application to China International Economic and Trade Arbitration Commission ("CIETAC") on the grounds of the equity transfer contract dispute, requiring Yankuang Energy to pay the equity transfer fee and the overdue fine of RMB1,015.9015 million for Jinchengtai Phase III Coal mine.	101,590.15	No	Arbitration	The case is currently under arbitration and it is not yet possible to determine the impact of this litigation on the Company's profit after the period.	-
Yankuang Energy	Linyi Mengfei Trading Co., Ltd. ("Linyi Mengfei")	Huasheng Jiangquan Group Co., Ltd. ("Jiangquan Group"), Zhang Yinlong, Wang Wentao, Wang Wensheng	Litigation	In July 2020, Yankuang Energy 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 RMB140.9408 million 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. The Jining Intermediate Court ruled in favor of the Company at first instance, and the opponent has appealed to the Shandong Provincial High People's Court. In June 2022, the Shandong Provincial High People's Court ruled in favor of the Company in the second instance and the Company has now applied for the execution.	14,094.08	No	Case closed	The case is currently under execution procedures, and it is not yet possible to determine the impact of this litigation matter on the Company's profit after the period.	Being executed
Qingdao Zhongyan Trading Co., Ltd. (Qingdao Zhongyan)	Dalian Container Terminal Logistics Co., Ltd. ("Dalian Terminal")	None	Litigation	In April 2021, Qingdao Zhongyan, a wholly-owned subsidiary of Yankuang Energy, sued Dalian Terminal to the Dalian Maritime Court on the grounds of a warehousing contract dispute, demanding compensation of RMB169.2464 million for cargo losses. At present, the Dalian Maritime Court Intermediate Court has not yet made a ruling.	16,924.64	No	Under first stance proceedings	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.	-

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Jointly and severally liable party	Type	Background	Amount Involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Duanxin Supply Chain (Shenzhen) Co., Ltd. (Duanxin Supply Chain)	Shagang (Beijing) International Investment Co., Ltd. (Shagang Beijing)	Tianjin Wantong Hengxin Group Co., Ltd. ("Tianjin Wantong"), Li Lei, Jiangsu Shagang Group Co., Ltd. ("Shagang Group")	Litigation	In April 2021, Duanxin Supply Chain, a wholly-owned subsidiary of Yankuang Energy, sued Shagang Beijing to the Shenzhen Intermediate People's Court ("Shenzhen Intermediate Court") on the grounds of a coal sale contract dispute, requesting it to return the cargo principal loan principal of RMB121.6057 million and corresponding penalty for overdue payment. Tianjin Wantong, Li Lei and Shagang Group shall be jointly liable for the aforesaid payments. The Shenzhen Intermediate Court has not yet made a ruling.	12,160.57	No	Under first stance proceedings	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.	-

Note: The case of the sale contract dispute, under which, "Coal Chemicals Supply and Marketing" sued Guizhou Kailin Group Kuang Fei Co., Ltd. ("Kailin Kuang Fei"), has been closed after mediation. Kailin Kuang Fei agreed to repay the principal and interest of RMB190.795 million to Coal Chemicals Supply and Marketing. Guizhou Kailin Group Co., Ltd. and Guizhou Phosphorus Chemicals (Group) Co., Ltd. agreed to take joint and several liability for the above payment. At the end of the reporting period, the Company has received a repayment of RMB23.032 million.

(III) Other Explanations

Not applicable.

VIII. PUNISHMENT AND RECTIFICATION OF THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND ACTUAL CONTROLLERS

Mr. Tian Hui, an independent director of the Company, was warned and fined RMB100,000 by the Beijing Supervision Bureau of CSRC in November 2021 and was notified and criticized by the SSE in February 2022 respectively for the involvement of Beijing Haohua Energy Resource Co., Ltd. ("Haohua Energy") in information disclosure violations during his tenure as an independent director of Haohua Energy (stock abbreviation: Haohua Energy; stock code: 601101).

IX. THE EXPLANATION ON THE CREDIT CONDITIONS OF THE COMPANY, ITS CONTROLLING SHAREHOLDER, AND 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.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

X. MAJOR CONNECTED/RELATED TRANSACTIONS

(All financial data are prepared in accordance with the CASs)

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

The Group's connected/related transactions were mainly continuing connected/related transactions entered into with Shandong Energy and its subsidiaries (except the Group), and Glencore Coal Pty Ltd ("Glencore") and its subsidiaries ("Glencore Group"). Glencore is the major shareholder of the subsidiaries of the Company, so it is the related/connected party of the Company.

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

Item Overview

Continuing connected/related transaction of financial services

As reviewed at the 2021 annual general meeting held on 30 June 2022, the new "Financial Service Agreement" between Yankuang Finance Company and Shandong Energy was approved, which determined the transaction caps incurred from 2023-2025.

Query index

For details, please refer to the Announcement of Resolutions of the twenty-second meeting of the eighth session of the Board dated 29 April 2022, the Announcement of Connected Transaction in relation to the Financial Services Agreement, the Announcement of Resolutions of the 2021 Annual General Meeting of Shareholders held on 30 June 2022, and the Announcement of Resolutions of the 2022 second class meeting of the holders of A Shares, and the 2022 second class meeting of the holders of H Shares. Such information was published on the websites 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.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

- (1) Approval and execution of continuing connected/related transactions entered into with Shandong Energy during the reporting period

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

As reviewed and approved at the 2021 first extraordinary general meeting of Shareholders held on 5 February 2021, five continuing connected/related transaction agreements entered into effect between the Company and Shandong Energy, 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 Asset Leasing Agreement” and “Bulk Commodities Sales and Purchase Agreement”, each of which determined the annual cap of transaction from 2021 to 2023.

As reviewed and approved at the 2021 annual general meeting of Shareholders held on 30 June 2022, the annual transaction caps from 2022 to 2023, which were stipulated in the “Provision of Material Supply Agreement”, “Provision of Products, Materials and Asset Leasing Agreement” and “Bulk Commodities Sales and Purchase Agreement”, will be adjusted without changing the terms of the connected/related transaction agreements.

Except for “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 transaction in dispute.

The sales of goods and provision of services to Shandong Energy by the Group amounted to RMB2.845 billion in the first half of 2022. The sales of goods and provision of services to the Group by Shandong Energy amounted to RMB1.980 billion in the first half of 2022.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

The following table sets out the continuing connected/related transactions generated through the supply of materials and services between the Group and Shandong Energy in the first half of 2022:

	The first half of 2022		The first half of 2021		Increase/ decrease of connected/ related transactions (%)
	Amount (RMB'000)	Percentage in operating revenue (%)	Amount (RMB'000)	Percentage in operating revenue (%)	
Sales of goods and provision of services to Shandong Energy by the Group	2,845,370	2.84	1,820,512	2.78	56.30
Sales of goods and provision of services to the Group by Shandong Energy	1,979,715	1.97	1,193,582	1.83	65.86

The following table shows the effect on the Group's profits from sales of coal by the Group to Shandong Energy for the first half of 2022:

	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit (RMB'000)
Sales of coal to Shandong Energy Group	1,539,752.84	504,269.06	1,035,483.79

Pursuant to the "Provision of Insurance Fund Administrative Services Agreement", Shandong Energy shall provide free management and transferring services for the Group's basic pension insurance fund, supplementary medical insurance fund, (the "Insurance Fund"). For the first half of 2022, the Group paid a total of RMB363 million of insurance fund to Shandong Energy.

② Connected/related transaction of entrusted management of some subsidiaries of Shandong Energy

As approved at the 2021 first extraordinary general meeting of Shareholders held on 5 February 2021, the Company entered into "Entrusted Management Agreement" with Shandong Energy, which determined the annual transaction caps from 2021 to 2023. The entrusted management fee adopts a fixed price, that is, RMB1.5 million per year for each target company.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

③ Continuing connected/related transaction of financial services

At the 2019 second extraordinary general meeting of shareholders held on 1 November 2019, the signing of the “Financial Service Agreement” between Yankuang Finance Company and Shandong Energy was considered and approved, stipulating that Yankuang Finance Company shall provide Shandong Energy with deposits, comprehensive credit facilities and other financial services, and their annual cap 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 30 June 2022, the comprehensive credit balance of Shandong Energy in Yankuang Finance Company is RMB248 million, and the financial service expenses incurred in the first half of 2022 are RMB711 thousand.

④ Continuing connected/related transactions of finance leases

The 2021 first extraordinary general meeting of the Shareholders was held on 5 February 2021, during which, the “Financial Lease Agreement” signed between the Company and Shandong Energy and the annual cap of transaction amount from 2021 to 2023 were considered and approved. The leasing interest rate is determined by floating no less than 5% above the quoted market interest rate for loans for the same period announced by the National Interbank Funding Center, with the maximum interest rate not exceeding 7.5%.

According to the “Financial Lease Agreement”, Zhongyin Financial Leasing provides financial leasing services to Shandong Energy and its subsidiaries, and receives a one-time handling or consulting fee on or before the date of payment of the transfer price of the leased assets by Zhongyin Financial Leasing and collects rents on a quarterly basis.

In the first half of 2022, the principal balance, interests, handling fees and consultancy expenses of financial leasing incurred amounted to RMB290 thousand.

⑤ Continuing connected/related transactions of ERP and related system operation and maintenance

As reviewed and approved at the ninth meeting of the eighth session of the Board on 5 February 2021, “ERP and Related System Operation and Maintenance Framework Agreement” signed between the Company and Shandong Energy Digital Technology Co., Ltd. (“Shandong Energy Digital Technology”), a subsidiary of the Controlling Shareholder, and the annual cap of transaction amount from 2021 to 2023 were approved. Operation and maintenance costs are determined at the unit price per person per day in accordance with the general market calculation rules of the ERP and related system operation and maintenance.

In the first half of 2022, the Company paid the operation and maintenance costs of RMB11.792 million to Shandong Energy Digital Technology.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

- ⑥ Continuing connected/related transactions of the coal procurement for coal chemical and product sales

At the eleventh meeting of the eighth session of the Board on 26 March 2021, “The Coal Procurement for Coal Chemical and Product Sales Agreement” signed between the Company and Shandong Energy and the annual cap of transaction amount from 2021 to 2023 were considered and approved. The prices of chemical raw coal and chemical products are determined in accordance with market prices, and the agency sales service fees of chemical products are determined by Yankuang Energy in accordance with the cost-plus method.

In the first half of 2022, the total amount of fees charged by the Shandong Energy for the sale of chemical raw coal to the Group is RMB265 million, and the total amount of money charged by the Group for the sales of chemical products and providing sales agency services of chemical products to Shandong Energy stay as RMB6 million.

- ⑦ Continuing connected/related transaction of medical service

As reviewed and approved at the fifteenth meeting of the eighth session of the Board held on 27 August 2021, the Company entered into Medical Service Cooperation Framework Agreement with Shandong Guoxin Yiyang Health Industry Development Group Co., Ltd., a subsidiary to Shandong Energy and determined the annual caps for 2021 to 2023 with annual cap.

The physical examination fee is set in strict accordance with the charging standards of the Shandong Provincial Price Bureau and the medical charge catalogue of the Shandong Provincial Medical Security Bureau; other service fees are measured by referring to the actual workload from 2018 to 2020, the number of staff engaged in the service, their salary and income, and the consumables cost incurred for this expense.

In the first half of 2022, the Company paid a total of RMB10.703 million for physical examination fees and other service fees to Shandong Guoxin Yiyang Health Industry Development Group Co., Ltd.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

⑧ Continuing connected/related transaction of entrusted management

As reviewed and approved at the twentieth meeting of the eighth session of the Board on 27 January 2022, the Company entered into “Entrusted Management Services Framework Agreement” with Shandong Energy in relation to the annual caps for 2022 to 2024. The entrusted management fees shall be determined by both parties according to the specific conditions of the underlying assets, the cost of entrusted management by Yankuang Energy and the profitability of the underlying assets. During the validity period of the Agreement, the annual cap for entrusted management fees charged by Yankuang Energy is RMB60 million.

As of the end of the reporting period, the payment terms have not yet been reached.

The following table sets out the details of the 2022 transaction cap and actual transaction amounts for the first half of 2021 for the above Continuing Connected/Related Transactions Agreement.

No.	Type of connected/related transaction	Agreement	Annual Transaction Cap for the Year 2022 (RMB'000)	Annual Transaction Amount for the first half of 2022 (RMB'000)
1	Material and facilities provided by Shandong Energy	Provision of Materials Supply Agreement	2,400,000	991,482
2	Labor and services provided by Shandong Energy	Mutual Provision of Labor and Services Agreement	3,139,000	607,365
	Labor and services provided to Shandong Energy		195,000	13,568
3	Insurance fund management and payment services provided by Shandong Energy (free of charge) for the Group's staff	Provision of Insurance Fund Administrative Services Agreement	847,000	362,988
4	Sale of products, material and equipment lease provided to Shandong Energy	Provision of Products, Material and Asset Leasing Agreement	7,620,000	1,846,352
5	Procurement of bulk commodities from Shandong Energy	Bulk Commodities Sales and Purchase Agreement	2,000,000	93,514
	Sale of bulk commodities to Shandong Energy		3,270,000	979,042
6	Financial services to Shandong Energy	Financial Services Agreement	10,100,000	9,852,390
	Comprehensive credit Financial service fee		4,000	711
7	Provision of entrusted management services to Shandong Energy	Entrusted Management Agreement	3,000	0
8	Provide financial leasing services to Shandong Energy	Financial Lease Agreement	7,595,000	0
	Total financing amount Interest and expenses		595,000	290

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

No.	Type of connected/related transaction	Agreement	Annual Transaction Cap for the Year 2022 (RMB'000)	Annual Transaction Amount for the first half of 2022 (RMB'000)
9	Operation and maintenance services provided by Shandong Energy	ERP and Related System Operation and Maintenance Framework Agreement	50,000	11,792
10	Procurement of chemical raw coal from Shandong Energy	Chemical Raw Material Coal Purchase and	600,000	264,859
	Sales of chemical products to Shandong Energy	Product Sales Agreement	400,000	5,717
	Provide chemical product agent sales services to Shandong Energy		5,000	691
11	Medical services provided by Shandong Energy	Framework Agreement on Cooperation in Medical Services	60,000	10,703
12	Provide entrusted management services to Shandong Energy	Framework Agreement on Entrusted Management Services	60,000	0

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

① Continuing connected/related transaction of coal sales

At the 2021 first extraordinary general meeting of the Company held on 5 February 2021, the renewed Glencore Coal Sales Framework Agreement between Yancoal Australia and Glencore, together with the annual caps for such transaction for a period from 2021 to 2023, 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 2022 annual cap for coal sales of the Group to Glencore and its subsidiaries was USD350 million. In the first half of 2022, the Group has sold coal to Glencore and its subsidiaries amounting to approximately USD57 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

② Continuing connected/related transaction of coal purchase

At the 2021 first extraordinary general meeting of the Company held on 5 February 2021, HVO Sales Contract between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction from 2021 to 2023, were 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. 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 2022 annual transaction cap for coal purchase (on equity basis) of the Group from Glencore under HVO Sales Contract was USD750 million. In the first half of 2022, the connected/related transaction amount between the Group and Glencore was approximately USD27 million.

At the 2021 first extraordinary general meeting of the Company held on 5 February 2021, Glencore Coal Purchase Agreement between Yancoal Australia and Glencore and the annual caps for such transaction from 2021 to 2023 was 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 2022 annual cap for coal purchase of the Group from Glencore and its subsidiaries under the Glencore Coal Purchase Agreement was USD250 million. In the first half of 2022, the connected/related transaction amount between the Group and Glencore was approximately USD4 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

③ Continuing connected/related transaction of coal sales service

At the 2021 first extraordinary general meeting of the Company held on 5 February 2021, HVO Services Agreement between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction for the years of 2021 to 2023, 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: (i) all costs, charges and expenses incurred in providing services to HVO Joint Venture or HVO Coal Sales Pty Ltd; (ii) 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 shall provide monthly invoice to HV Operations and HV Operations shall finish the payment within 5 business days after receiving such invoice.

The 2022 maximum annual transaction amount for service purchase of the Group from Glencore was USD18 million. In the first half of 2022, this connected/related transaction involved amounted to approximately USD5.84 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.

As reviewed and approved at the eighteenth meeting of the eighth session of the Board on 1 December 2021, on the premise of not changing the terms of the connected/related transaction agreement, the transaction cap of continuing connected/related transactions in relation to diesel fuel supply between HVO Operations and GAO for 2022 was set at AUD150 million.

In the first half of 2022, the connected transaction amount was approximately AUD61 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

3. *Undisclosed events in extraordinary announcements*

Not applicable.

(II) Connected/Related Transactions In Relation To Assets or Equity Acquisition And Disposal

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*

The connected/related transaction of controlling Shandong Energy Building Shanghai Co., Ltd. by capital increase and share expansion.

As reviewed and discussed at the 23rd meeting of the eighth Board of Directors of the Company on 30 June 2022, “Capital Increase Agreement” between the Company and the Shandong Energy and Shandong Energy Building Shanghai Co., Ltd. was approved. The Company invested RMB861 million at the price of RMB2.87 per share to increase the capital of Shandong Energy Building Shanghai Co., Ltd. After the capital increase, the Company holds 75% of its equity, while Shandong Energy holds 25% of its equity.

As of the disclosure date of this report, the procedures of changing industrial and commercial registration are underway.

For further details, please refer to the announcement on the resolutions of the twenty-third meeting of the eighth session of the Board of Directors on 30 June 2022, and the connected/related transaction announcement of controlling 75% equity of Shandong Energy Building Shanghai Co., Ltd. by capital increase and share expansion. Such information is published on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company’s website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

3. *Matters not disclosed in extraordinary announcement*

Not applicable

4. *Where performance agreements are involved, the performance realization during the reporting period shall be disclosed*

Not applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

(III) Connected/Related Transactions In Relation To Joint External Investment

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*

Not applicable

3. *Matters not disclosed in extraordinary announcement*

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

Not applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

3. Events not disclosed in extraordinary announcements

Unit: RMB100 million

Connected Parties	Relationship	Funds to related parties			Funds provided by related parties to listed companies		
		Beginning Balance	Amount Occurred	Closing Balance	Beginning Balance	Amount Occurred	Closing Balance
Shandong Energy	Controlling Shareholder	93.99	4.83	98.82	296.95	-142.35	154.60
Glencore and its subsidiaries	Other related party	0	3.75	0	0	6.41	0
Total		93.99	8.58	98.82	296.95	-135.94	154.60

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) Financial Business between the Company and the Financial Company that Has an Associated Relationship, the Company's Holding Financial Company and the Related Party

1. Deposit Business

Unit: RMB100 million

Related Party	Relationship	Maximum Daily Deposit Limit	Deposit Interest Rate Range	Opening Balance	Amount for the current period		Closing Balance
					Total deposit amount for the current period	Total withdrawal amount for the current period	
Shandong Energy	Controlling Shareholder	/	0.30%-2.10%	246.87	2,565.30	2,691.34	120.83
Total	/	/	/	246.87	2,565.30	2,691.34	120.83

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

2. Loan Business

Unit: RMB100 million

Related Party	Relationship	Maximum Daily Loan Limit	Loan Interest Rate Range	Opening Balance	Amount for the current period		Closing Balance
					Total deposit amount for the current period	Total repayment amount for the current period	
Shandong Energy	Controlling Shareholder	86.00	3.5%-4.05%	82.50	50.65	47.25	85.90
Total	/	86.00	/	82.50	50.65	47.25	85.90

3. Credit Business or Other Financial Business

Unit: RMB100 million

Related Party	Relationship	Business Type	Total Amount	Actual Amount
Shandong Energy	Controlling Shareholder	Acceptance, letter of guarantee, commercial undertaking and discounting, business opening on behalf of others	15.00	12.62

4. Other Explanations

As of the end of the reporting period, the balance of margin collected by Yankuang Finance Company for financial services provided by related parties was RMB124 million, and the margin portion did not account for the credit line.

According to the Shanghai Stock Exchange's "Guidelines for Self-Regulatory Supervision of Listed Companies No. 5-Transactions and Related Transactions", the Company issued a risk assessment report on Yankuang Finance.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

(VI) Other Significant Connected/Related Transactions

Yankuang Finance Company is to be merged with Shandong Energy Finance Company as planned

As reviewed and approved at the twenty-fourth meeting of the eighth session of the Board on 26 August 2022, Yankuang Finance Company and Shandong Energy Finance Company are to be merged. Under which, Shandong Energy Finance Company will continue to exist while Yankuang Finance Company will be deregistered. The Company will become the Controlling Shareholder of the newly formed Shandong Energy Finance Company. Upon completion of the merger, the new Shandong Energy Finance Company will sign financial service agreements with Yankuang Energy and Shandong Energy respectively. The merger is yet to be approved by the general meeting of Shareholders.

For details, please refer to the Company's announcement on the resolutions of the twenty-fourth meeting of the eighth session of the Board dated 26 August 2022, the announcement on the connected/related transaction of the planned merger between Yankuang Finance and Shandong Energy Finance and the announcement on the planned continuing connected transaction of financial services between the newly formed Shandong Energy Finance Company, and Shandong Energy and Yankuang Energy respectively. Such information was available on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

(VII) Others

According to the Hong Kong Listing Rules, certain related party transactions set out in the note "Related Party Balances and Transactions" in the financial statements prepared in accordance with IFRS also constitute continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, and the Company confirms these transactions have complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

Except for the material connected transactions disclosed in this section, the Group had no other material connected transactions that were required to be disclosed in this report under the Hong Kong Listing Rules during the reporting period.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

XI. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contract Or Lease

Not applicable.

(II) Significant Guarantees Performed and Outstanding During the Reporting Period

Unit: RMB10 thousand

The Company's external guarantees (excluding guarantees to subsidiaries)															
Guarantor	Relationship between guarantor and the listed company	Guarantee	Amount	Date of guarantee (signed date)	Starting date of the guarantee	Maturity date of the guarantee	Type of guarantee	Principle debt	Collateral (if any)	Whether the guarantee has fulfilled	Overdue or not	Overdue amount	Counter-guarantee	Related-	Connected/
														party guarantee or not	related relationship
Inner Mongolia Mining	Controlled subsidiary	Inner Mongolia Geological Exploration (Group) Co., Ltd.	40,000	25 September 2018	25 September 2018	25 September 2023	Joint liability guarantee	40,000	No	No	No	0	Yes	No	Else
Total guarantee of the Company 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)														40,000	
Guarantees to subsidiaries by the Company															
Total amount of guarantee to subsidiaries during the reporting period														353,198	
Total balance of guarantee to subsidiaries by the end of the reporting period (B)														2,824,431	
Total amount of guarantee of the Company (including guarantees to the subsidiaries)															
Total amount of guarantees(A+B)														2,864,431	
Percentage of total amount of guarantee in the net assets of the Company														34.81	
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 debts-to-assets ratio exceeding 70% (D)														1,201,526	
Total amount of guarantee exceeding 50% of net assets (E)														0	
Total amount of the above 3 categories guarantees (C+D+E)														1,201,526	
Explanation on unexpired guarantee that may be subject to joint and several liability														No	

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Guarantee explanations

1. The external guarantee occurred during the previous period and extended to the reporting period

As reviewed and approved at the 2019 annual general meeting, the Company provided a guarantee of RMB 1.999 billion to Zhongyin Financial Leasing. As of 30 June 2022, the balance of the above guarantee was RMB956 million.

As reviewed and approved at the 2019 annual general meeting, the Company provided a guarantee of USD1.275 billion to Yancoal Australia. As of 30 June 2022, the balance of the above guarantees was USD869 million.

As reviewed and approved by the 2019 annual general meeting, the Company provided a guarantee for the issuance of USD500 million-worth overseas corporate bonds by Yancoal International Resources. As of 30 June 2022, the balance of the above guarantee was USD500 million.

As reviewed and approved by the 2019 annual general meeting, the Company provided a guarantee of RMB1.38 billion to Rongxin Chemicals. As of 30 June 2022, the balance of the above guarantee was RMB1.132 billion.

As reviewed and approved at the 2019 annual general meeting, the Company provided a guarantee of RMB1.3 billion for Yulin Neng Hua. As of 30 June 2022, the balance of the above guarantee was RMB1.098 billion.

As reviewed and approved by the 2019 annual general meeting, the Company provided a guarantee of RMB1 billion to Lunan Chemicals. As of 30 June 2022, the balance of the above guarantee was RMB1 billion.

As reviewed and approved by the 2020 annual general meeting, the Company provided a guarantee of RMB1.97 billion to Qingdao Vast Lucky. As of 30 June 2022, the balance of the above guarantee was RMB1.97 billion.

As reviewed and approved by the 2020 annual general meeting, the Company provided a guarantee for the issuance of USD300 million-worth overseas corporate bonds by Yancoal International Resources. As of 30 June 2022, the balance of the above guarantees was USD300 million.

As reviewed and approved by the 2020 annual general meeting, the Company provided a guarantee of RMB1.3 billion to Qingdao Zhongyan International Trade Co., Ltd. As of 30 June 2022, the balance of the above guarantee was RMB1.3 billion.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

As reviewed and approved by the 2020 annual general meeting of the Company, Inner Mongolia Mining provided a guarantee of RMB1.374 billion to Ulanqab City Hongda Industry Co., Ltd., and a guarantee of RMB642 million to Ordos Fengweiguang Power Co., Ltd.

As at 30 June 2022, Yancoal Australia and its subsidiaries provided a performance guarantee in an amount of AUD891 million to its subsidiaries for their daily operation.

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 interests of Inner Mongolia Mining Group through public de-listing in Inner Mongolia Property Rights Exchange Center. Before the completion of the transaction, Inner Mongolia Mining Group provided RMB400 million of guarantee to Inner Mongolia Geology Survey Co., Ltd. As at the disclosure date of the report, the above-mentioned guarantees have not been released.

As reviewed and approved by the 2021 first extraordinary general meeting of Shareholders, Inner Mongolia Mining provided a guarantee of RMB158 million for Inner Mongolia Jinlian Aluminum Profile Co., Ltd.. Future Energy provided a guarantee of RMB356 million for Shaanxi Jingshen Railway Co., Ltd.; provided a guarantee of RMB15 million for Shaanxi Future Cleaning Chemicals Co., Ltd.

2. Guarantees arising during the reporting period

As reviewed and approved at the 2020 annual general meeting of the Company, the Company provided guarantees to Yancoal International, Qingdao Vast Lucky, Qingdao Zhongyan, Shandong Zhongyin International Trade of USD100 million, RMB756 million, RMB560 million and RMB450 million during the reporting period.

As reviewed and approved by the 2020 annual general meeting of the Company, during the reporting period, Ordos Fengweiguang Power Co., Ltd. provided a guarantee of RMB495 million for Inner Mongolia Mining.

As approved at the 2020 annual general meeting of the Company, Yancoal Australia and its subsidiaries provided a guarantee to Yankuang Energy 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 totaling AUD130 million due to Yankuang Energy's operational necessity.

Note: The table above is prepared in accordance with CAS and the exchange rates applied were USD1 = RMB6.7114 and AUD1 = RMB4.6145. Except disclosed above, the Company did not have other performed or unperformed guarantee contracts during the reporting period.

(III) Other Major Contract

Not applicable.

(IV) Other Major Events

1. *The adjustment of the Company's organizations*

As reviewed and approved by the General Manager's office meeting on 21 February 2022, the Company established Yankuang Railway Logistics Co., Ltd. with a registered capital of RMB1.5 billion, mainly for public railway transportation, railway locomotive maintenance, railway locomotive accessories sales and other businesses.

As reviewed and approved at the twenty-second meeting of the eighth session of the Board on 29 April 2022, the Company established the "Park Construction Management Center of Yankuang Energy Group Company Limited."

As reviewed and approved at the twenty-fourth meeting of the eighth session of the Board on 26 August 2022, the Company canceled the Ecological Restoration Office, and its functions and personnel were reassigned to the Office For Mine Area Relocation Office.

For details, please refer to the Company's announcement on the resolutions of the twenty-second meeting of the eighth session of the Board dated 29 April 2022 and the Company's announcement on the resolutions of the twenty-fourth meeting of the eighth session of the Board dated 26 August 2022. Such information was published on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

2. *The appointment of joint secretary of the Company in Hong Kong*

On 25 February 2022, Ms. Leung Wing Han Sharon resigned as the joint secretary of the Company. As reviewed and approved at the 21st meeting of the eighth session of the Board of Directors on 30 March 2022, the Company appointed Mr. Wong Wai Chiu as the joint secretary of the Company in Hong Kong.

For details, please refer to the Company's announcement on the change of joint secretary and authorized representative dated 25 February 2022. Such information was available on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

3. *Payment of consumption tax of Future Energy*

During the reporting period, Future Energy received a notice from the Second Sub-bureau of Yuyang District Taxation Bureau of Yulin City that required the payment of consumption tax of the crude liquid wax and other products produced by the indirect coal liquefaction project from December 2021. As of the disclosure date of this report, Future Energy paid a total of RMB904 million in consumption tax, related taxes and surcharges from December 2021 to July 2022, as required by the notice.

According to relevant tax laws and regulations, it is not clear whether the consumption tax will continue to be applicable to the products of Future Energy. The Company is in close communication to confirm the applicability of the consumption tax in the future.

Judging from the notice received, the payment of consumption tax does not produce a significant impact on the Company's operations. The company will optimize the product structure, increase investment in technology R&D, and extend the industrial chain, in order to maximize profits.

4. *Issuance of H-share convertible bonds to increase shareholding in Yancoal Australia*

As reviewed and approved at the twenty-first meeting of the eighth session of the Board on 30 March 2022, on the premise of meeting the requirements of applicable domestic and overseas laws and regulations and listing regulatory requirements, given that the preconditions are met or exempted, the Company intends to issue H-share convertible bonds as payment of consideration so as to increase its shareholding in Yancoal Australia under the acquisition structure stipulated by domestic and overseas laws and regulations and the Hong Kong Code on Acquisition and Mergers (the "M&A Code"). As of the disclosure date of this report, the transaction scheme has not yet to be finalized.

For details, please refer to the Company's announcement dated 25 May 2022 on the acquisition of equity shares in Yancoal Australia through the issuance of H-share convertible bonds, and the updated announcement pursuant to Rule 3.7 of the M&A Code dated 7 July 2022, and clarification announcement of performance growth forecast in the first half of 2022 dated on 18 July 2022 and the updated announcement pursuant to Rule 3.7 of the M&A Code dated 8 August 2022. Such information was published on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

XII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(Prepared under the Hong Kong Listing Rules)

(I) Repurchase, Sold or Redemption of Listing Shares

Obtain authorization of Shareholder's meeting to issue additional shares and repurchase H shares

On the 2021 annual general meeting of the Company held on 30 June 2022, a general mandate was granted to the Board to issue additional shares of the Company not exceeding 20% of the share capital of H Shares of the Company in issue as at the date of passing the resolution during the mandate period under the approval of relevant regulatory institutions and in compliance with relevant laws, administrative regulations and the requirements of the Articles as well as actual needs and market conditions.

The 2021 annual general meeting, the 2022 second class meeting of the holders of H Shares and the 2022 second class meeting of the holders of A Shares were convened by the Company on 30 June 2022, and a general mandate was granted to the Board to repurchase H Shares of the Company not exceeding 10% of the share capital of H shares of the Company in issue as at the date of passing the resolution during the mandate period under the approval of relevant regulatory institutions and in compliance with relevant laws, administrative regulations and the requirements of the Articles as well as actual needs and market conditions.

As at the end of the disclosure date of this report, the Board has not exercised the above-mentioned general mandates.

(II) Remuneration Policy

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 general meeting for approval. The remuneration for the senior management is reviewed and approved by the Board.

The Company adopts a combined award system with annual remuneration, risk control and special contribution as the means for assessing and rewarding the Directors and senior management. The annual remuneration consists of annual basic salary and annual performance salary. The annual basic salary is comprehensively 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 paid after the completion of the audit assessment in the following year.

The Group adopts a performance salary system for employees other than Directors, Supervisors and senior management based on the duty of the posts and quantified evaluation results. The performance-based salary is decided upon assessment of individual post performance while putting the overall economic benefit of the Company into consideration.

(III) Auditor

As reviewed and approved at the 2021 annual general meeting held on 30 June 2022, 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 2021 annual general meeting to the conclusion date of the 2022 annual general meeting. Shine Wing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited are responsible for the financial statements auditing, examination and internal control audit evaluation of the Company for the year 2022.

The Company shall pay RMB9.9 million for the domestic and overseas audit services of 2022, 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 work 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 1 October 2019), the Company's 2022 accountant SHINEWING (HK) CPA Limited is a registered public interest entity auditor.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. CHANGES IN CAPITAL 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 trading moratorium	0	0	61,740,000	61,740,000	61,740,000	1.25
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	0	0	61,740,000	61,740,000	61,740,000	1.25
Including: domestic shareholding by non-state-owned legal person	0	0	0	0	0	0
domestic natural person shareholding	0	0	61,740,000	61,740,000	61,740,000	1.25
4. Foreign shareholding	0	0	0	0	0	0
Including: foreign legal person shareholding	0	0	0	0	0	0
foreign natural person shareholding	0	0	0	0	0	0
II. Shares without trading moratorium	4,874,184,060	100	12,779,580	12,779,580	4,886,963,640	98.75
1. A Shares	2,974,184,060	61.02	12,779,580	12,779,580	2,986,963,640	60.36
2. Foreign shares domestically-listed	0	0	0	0	0	0
3. Foreign shares listed overseas	1,900,000,000	38.98	0	0	1,900,000,000	38.39
4. Others	0	0	0	0	0	0
III. Total share capital	4,874,184,060	100	74,519,580	74,519,580	4,948,703,640	100

Notes:

- ① The percentage figures in the above table are rounded off to two decimal places. There are differences in the mantissa between some sub-totals and sum of individual numbers, which is attributed to rounding off the percentage result.
- ② During the reporting period, the Company has completed the grant and registration of A Share restricted stock incentive scheme for 2021, and successfully granted 61,740,000 restricted shares to the incentive recipients. During the second exercising period of the 2018 A Share option incentive scheme, a total of 12,779,580 shares were exercised, transferred and registered. The total share capital of the Company increased to 4,948,703,640 shares.
- ③ According to the Issuer's Capital Structure Table issued by China Securities Depository and Clearing Co., Ltd., as of the disclosure date of this report, A Shares of the Company account to 3,048,703,640, of which 61,740,000 shares are outstanding shares with trading moratorium and 2,986,963,640 shares are outstanding shares without trading moratorium.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

2. *Explanation on changes in ordinary shares*

As reviewed and approved at the 20th meeting of the eighth session of the Board of the Company held on 27 January 2022, the granting conditions for the Company's restricted stock incentive plan have been fulfilled. By the end of the report, the Company has successfully granted 61,740,000 restricted shares to incentive recipients. As reviewed and approved at the 20th meeting of the eighth session of the Board of the Company held on 27 January 2022, it was confirmed that the exercisable conditions for the second exercise schedule of the Company's 2018 A Share option incentive scheme have been fulfilled. By the end of the report, all the exercisable stock options of the second exercise schedule, a total amount of 12,779,580 shares, have been exercised. The increase in the total share capital of the Company from 4,874,184,060 shares to 4,948,703,640 shares had no significant impact on the financial indicators of the recent year and the recent reporting period.

For details, please see the announcement on granting restricted stock to the incentive recipients by the Company on 27 January 2022, the announcement on exercisable conditions of the second exercising period and on the result of restricted stock granting on 25 February 2022, as well as the announcement on the result of the independent exercise on 1 April 2022 and 29 April 2022, which were posted on the websites of Shanghai Stock Exchange, the HKEX, the Company and/or China Securities Journal and Shanghai Securities News, Securities Times and Securities Daily.

3. *The Impact of changes in ordinary shares on financial indicators such as earnings per share, net asset per share after the reporting period to the disclosure date of this interim report (if any)*

Not applicable.

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

As at the latest practicable date prior to the publication of this 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.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

(II) Changes in Shares with Restricted Moratorium

Unit: Share(s)

Name of shareholders	Number of shares with trading moratorium at the beginning of the period	Number of shares free from trading moratorium during the reporting period	Number of shares increased during the reporting period	Number of shares with trading moratorium at the end of the reporting period	Reasons for trading moratorium	Date on which the shares are free from trading moratorium
1,245 participants of restricted stock incentive	0	0	20,374,200	20,374,200	During the period of trading moratorium	From the first trading day after 24 months from the date on which the registration of restricted stock was completed to the last trading day within 36 months from the date on which the registration of restricted stock was completed
1,245 participants of restricted stock incentive	0	0	20,374,200	20,374,200	During the period of trading moratorium	From the first trading day after 36 months from the date on which the registration of restricted stock was completed to the last trading day within 48 months from the date on which the registration of restricted stock was completed
1,245 participants of restricted stock incentive	0	0	20,991,600	20,991,600	During the period of trading moratorium	From the first trading day after 48 months from the date on which the registration of restricted stock was completed to the last trading day within 60 months from the date on which the registration of restricted stock was completed
Total	0	0	61,740,000	61,740,000	/	/

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

II. SHAREHOLDERS

(I) Total Number of the Shareholders:

Total number of shareholders by the end of the reporting period	51,210
Total number of preferred shareholders with resumed voting right by the end of the reporting period	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)

Name of shareholders (full name)	Shareholdings of the top ten Shareholders						
	Increase/ decrease during the reporting period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Number of pledged or locked shares Status	Number of shares	Nature of Shareholder
Shandong Energy Co., LTD	0	2,263,047,288	45.73	0	pledged	120,000,000	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited	428,990	1,897,968,443	38.35	0	Unknown	-	Overseas legal person
Hong Kong Securities Clearing Company Limited	1,671,341	62,521,079	1.26	0	No	0	Overseas legal person
China Merchants Bank Co., Ltd- Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	-9,942,106	24,567,208	0.50	0	No	0	Other
National Social Security Fund 117 portfolio	13,508,844	14,508,844	0.29	0	No	0	Other
National Social Security Fund 416 portfolio	14,126,445	14,126,445	0.29	0	No	0	Other
Bank of China Limited-Yifangda supply reform flexible allocation of mixed securities investment funds	13,777,760	13,777,760	0.28	0	No	0	Other
National Social Security Fund 101 portfolio	8,242,900	13,286,160	0.27	0	No	0	Other
Huitianfu Fund Management Co., Ltd.- Social Security fund 1103 portfolio	-103,220	10,748,327	0.22	0	No	0	Other
Industrial and Commercial Bank of China-Huitianfu value selected hybrid securities investment fund	9,741,824	9,741,824	0.20	0	No	0	Other

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Top ten Shareholders holding tradable shares not subject to trading moratorium

Name of Shareholders (full name)	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
Shandong Energy Co., LTD.	2,263,047,288	A Shares	2,263,047,288
Hong Kong Securities Clearing Company (Nominees) Limited	1,897,968,443	H Shares	1,897,968,443
Hong Kong Securities Clearing Company Limited	62,521,079	A Shares	62,521,079
China Merchants Bank Co., Ltd.-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	24,567,208	A Shares	24,567,208
National Social Security Fund 117 Portfolio	14,508,844	A Shares	14,508,844
National Social Security Fund 416 Portfolio	14,126,445	A Shares	14,126,445
Bank of China Limited-Yifangda Supply Reform Flexible Allocation of Mixed Securities Investment Fund	13,777,760	A Shares	13,777,760
National Social Security Fund 101 Portfolio	13,286,160	A Shares	13,286,160
Huitianfu Fund Management Co., Ltd. – Social Security Fund 1103 Portfolio	10,748,327	A Shares	10,748,327
Industrial and Commercial Bank of China-Huitianfu Value Selected Hybrid Securities Investment Fund	9,741,824	A Shares	9,741,824

Explanations on repurchase of special shares by the top 10 shareholders Not applicable.

Explanations on voting proxy, entrusted voting and abstention by the above shareholders Not applicable.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Related relationship or Acting-in concert 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 holders of preferred shares with resumed voting rights and the number of shares held by them Not applicable.

Notes :

- ① The above “Total number of common shareholders at the end of the reporting period” and “The top ten shareholders and the top ten shareholders holding tradable shares which are not subject to trading moratorium”, 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 During the reporting period, Shandong Energy transferred its 120,000,000 A Shares held by itself to the pledge account opened by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. to provide guarantee for the exchangeable corporate bonds issued by Shandong Energy. As of the disclosure date of this report, the number of shares pledged by Shandong Energy accounts for 4.41% of its Company’s shares and 2.42% of the total capital stock issued by the Company.
- ④ As of 30 June 2022, Shandong Energy held a total of 2,263,047,288 A Shares of the Company and owns 454,989,000 H Shares through Yankuang Hong Kong. Shandong Energy directly and indirectly holds 54.92% 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.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

(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 30 June 2022, 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
Shandong Energy	A Shares (State-owned legal person shares)	Beneficial owner	2,263,047,288	Long position	-	45.73%
			120,000,000	Short position	-	2.42%
Shandong Energy ^①	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.19%
BNP Paribas Investment Partners SA	H Shares	Investment manager	117,641,207	Long position	6.19%	2.38%

Notes :

- ① Yankuang 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 websites of the Hong Kong Stock Exchange at www.hkexnews.hk and China Securities Depository and Clearing Corporation Limited Shanghai Agency.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

As at the disclosure date of the report, except as disclosed below, none of the Directors, Supervisors and Senior Management of the Company have an interest in the shares, or any of its associated body corporate (definition referred to Part XV of the Securities and Futures Ordinance), the interests and short position in relevant shares and bonds. These interests and short position (i) are in accordance with the Section 352 of the Securities and Futures Ordinance, which should be recorded in the register to be kept, or (ii) In accordance with the provisions of the Model Code, shall notice the listed issuers and the Stock Exchange of Hong Kong (The relevant provisions shall be deemed to apply equally to the supervisors of the Company to the same extent as the directors of the Company).

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Unit: Shares

Name	Title	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease of shareholding during the reporting period	Reasons for increase/decrease
Li Wei	Director	10,000	10,000	0	–
Liu Jian	Director	85,800	85,800	0	–
Xiao Yaomeng	Director, Senior management	49,500	299,000	249,500	Grant of restricted stock/Exercise of stock options
Zhu Qingrui	Director	0	0	0	–
Zhao Qingchun	Director, Senior management	85,800	331,600	245,800	Grant of restricted stock/Exercise of stock options
Huang Xiaolong	Director, Senior management	0	160,000	160,000	Grant of restricted stock
Tian Hui	Independent director	0	0	0	–
Zhu Limin	Independent director	0	0	0	–
Cai Chang	Independent director	0	0	0	–
Pan Zhaoguo	Independent director	0	0	0	–
Li Shipeng	Supervisor	0	0	0	–
Zhuhao	Supervisor	0	0	0	–
Qin Yanpo	Supervisor	0	0	0	–
Su Li	Supervisor	0	0	0	–
Deng Hui	Supervisor	0	0	0	–
Zhang Yanwei	Senior management	0	160,000	160,000	Grant of restricted stock
Zhang Chuanchang	Senior management	0	160,000	160,000	Grant of restricted stock
Tian Zhaohua	Senior management	49,500	259,000	209,500	Grant of restricted stock/Exercise of stock options
Li Weiqing	Senior management	0	209,500	209,500	Grant of restricted stock/Exercise of stock options

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Name	Title	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease of shareholding during the reporting period	Reasons for increase/decrease
Ma Junpeng	Senior management	3,000	131,600	128,600	Grant of restricted stocks/Exercise of stock options/decrease of shares held
Kang Dan	Senior management	0	80,000	80,000	Grant of restricted stock/Exercise of stock options/decrease of shares held
Zhang Lei	Senior management	0	0	0	–
Wang Ruolin	Director	49,500	259,000	209,500	Grant of restricted stock/Exercise of stock options
Zhou Hong	Supervisor(Resigned)	0	0	0	–
Gong Zhijie	Senior management(Resigned)	85,800	331,600	245,800	Grant of restricted stock/Exercise of stock options
Liu Qiang	Senior management(Resigned)	0	160,000	160,000	Grant of restricted stock

Other explanations

1. Ma Junpeng and Kang Dan decreased their shares of the Company before they took office as senior management of the Company.
2. Due to work adjustment, Liu Qiang does not meet the conditions for incentives, and the Company will repurchase and cancel his 160,000 restricted shares in due time.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

(II) Share Incentive Mechanism to the Directors, Supervisors and Senior Management during the Reporting Period

Unit: Shares

Name	Title	Number of share options held at the beginning of the reporting period	Number of new share options granted during the reporting period	Exercisable share options during reporting period	Share options exercised during the reporting period	Number of share options held at the end of the reporting period
Xiao Yaomeng	Director, Senior management	100,500	0	49,500	49,500	51,000
Zhao Qingchun	Director, Senior management	174,200	0	85,800	85,800	88,400
Tian Zhaohua	Senior management	100,500	0	49,500	49,500	51,000
Li Weiqing	Senior management	100,500	0	49,500	49,500	51,000
Ma Junpeng	Senior management	100,500	0	49,500	49,500	51,000
Kang Dan	Senior management	80,400	0	39,600	39,600	40,800
Wang Ruolin	Director (Resigned)	100,500	0	49,500	49,500	51,000
Gong Zhijie	Senior management (Resigned)	174,200	0	85,800	85,800	88,400
Total	/	931,300	0	458,700	458,700	472,600

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Unit: Shares

Name	Title	Number of restricted shares held at the beginning of the reporting period	Number of new restricted shares granted during the reporting period	Shares unlocked	Shares locked	Number of restricted shares held at the end of the reporting period
Xiao Yaomeng	Director, Senior management	0	200,000	0	200,000	200,000
Zhao Qingchun	Director, Senior management	0	160,000	0	160,000	160,000
Huang Xiaolong	Director, Senior management	0	160,000	0	160,000	160,000
Zhang Yanwei	Senior management	0	160,000	0	160,000	160,000
Zhang Chuanchang	Senior management	0	160,000	0	160,000	160,000
Tian Zhaohua	Senior management	0	160,000	0	160,000	160,000
Li Weiqing	Senior management	0	160,000	0	160,000	160,000
Ma Junpeng	Senior management	0	80,000	0	80,000	80,000
Kang Dan	Senior management	0	80,000	0	80,000	80,000
Wang Ruolin	Director (Resigned)	0	160,000	0	160,000	160,000
Gong Zhijie	Senior management (Resigned)	0	160,000	0	160,000	160,000
Liu Qiang	Senior management (Resigned)	0	160,000	0	160,000	160,000
Total	/	0	1,800,000	0	1,800,000	1,800,000

(III) Other explanations

Not applicable.

IV. CHANGES IN CONTROLLED SHAREHOLDER OR ACTUAL CONTROLLER

Not applicable.

(The financial data listed in this chapter are filled out in accordance with the CASS)

I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBTS FINANCING DEBTS OF NON-FINANCIAL ENTERPRISES

(I) Enterprise Bonds

Not applicable.

(II) Corporate Bonds

1. Basic information of corporate bonds

Unit: RMB100 million

Name	Abbreviation	Code	Issue date	Interest starting date	Mature date	Balance	Interest rate (%)	Way to repay principal and interest	Trade location	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2012 Corporate Bond (second tranche)	12 Yanzhou Coal 04	122272	3 March 2014	3 March 2014	3 March 2024	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (first tranche) (type one)	20 Yanzhou Coal 01	163234	10 March 2020	12 March 2020	12 March 2023	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (first tranche) (type two)	20 Yanzhou Coal 02	163235	10 March 2020	12 March 2020	12 March 2025	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (first tranche) (type three)	20 Yanzhou Coal 03	163236	10 March 2020	12 March 2020	12 March 2030	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (second tranche) (type one) ^①	20 Yanzhou Coal 04	175274	21 October 2020	23 October 2020	23 October 2035	35	3.69	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (second tranche) (type two) ^②	20 Yanzhou Coal 05	175275	21 October 2020	23 October 2020	23 October 2030	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Corporate Bond (first tranche) (type one)	21 Yanzhou Coal 01	186163	28 May 2021	31 May 2021	31 May 2024	30	3.74	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 medium term note of first tranche	MTN001 21Yanzhou Coal MTN001	102101379	22 July 2021	26 July 2021	26 July 2026	20	3.80	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No

CHAPTER 8 BONDS – CONTINUED

Name	Abbreviation	Code	Issue date	Interest starting date	Mature date	Balance	Interest rate(%)	Way to repay principal and interest	Trade location	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2021 Corporate Bond (first tranche) (type two)	21 Yanzhou Coal 02	188164	28 May 2021	31 May 2021	31 May 2026	10	4.13	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 renewable corporate bonds (first tranche) (type one) ^①	21 Yanzhou Coal Y1	188285	21 June 2021	22 June 2021	22 June 2023	17	3.99	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 renewable corporate bonds (first tranche) (type two) ^②	21 Yanzhou Coal Y2	188286	21 June 2021	22 June 2021	22 June 2024	33	4.40	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Corporate Bond (second tranche) ^③	21 Yanzhou Coal Y4	188613	19 August 2021	20 August 2021	20 August 2024	10	3.54	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	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No

Notes:

- ① 2020 Corporate Bond (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.
- ② 2020 Corporate Bond (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.
- ③ For 2021 Renewable Corporate Bond (first tranche) (type 1), every two 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 two years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- ④ For 2021 Renewable Corporate Bond (first tranche) (type 2), 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.
- ⑤ For 2021 Renewable Corporate Bond (second 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 placing 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.

Counter-measures to the risks of listing termination of the Company

Not applicable.

Overdue debts

Not applicable.

Explanations on overdue debts

Not applicable.

2. *Trigger and enforcement of clauses on issuer or investor option as well as investor protection*

Not applicable.

3. *Adjustments on credit rating results*

Not applicable.

Other explanations

Not applicable.

4. *Execution, changes and impact of guarantees, debt repayment plan and other solvency supporting measures during the reporting period*

Not applicable.

Other explanations

There are no changes in terms of the guarantees, debt repayment plan and other solvency supporting measures of the corporate bonds during the reporting period, which remain consistent with the prospectus.

5. *Other explanations on corporate bonds*

Not applicable.

CHAPTER 8 BONDS – CONTINUED

(III) Non-Financial Enterprise Debt Financing Instruments at Inter-Bank Bond Market

1. Basic information of non-financial enterprise debt financing instrument

Unit: RMB100 million

Name	Abbreviation	Code	Issue date	Interest starting date	Mature date	Balance	Interest rate (%)	Way to repay principal and interest	Trade location	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2021 medium term note of second tranche ^①	21Yanzhou Coal	102103102	24 November 2021	26 November 2021	26 November 2024	20	3.67	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2022 medium term note of first tranche (type one) ^②	22 Yankuang Energy	102281098	18 May 2022	20 May 2022	20 May 2025	25	3.28	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2022 medium term note of first tranche (type two) ^③	22 Yankuang Energy	102281099	18 May 2022	20 May 2022	20 May 2027	5	3.71	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2022 medium term note of second tranche ^④	22 Yankuang Energy	102281229	8 June 2022	10 June 2022	10 June 2025	20	3.30	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No

Notes:

- ① For 2021 medium term note of second 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 medium term note by one term (that is, by three years) or to repay the principal and interest of the current medium term note due at maturity in full at the end of the term.
- ② For 2022 medium term note of first tranche (type one), 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 medium term note by one term (that is, by three years) or to repay the principal and interest of the current medium term note due at maturity in full at the end of the term.
- ③ For 2022 medium term note of first tranche (type two), every five 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 medium term note by one term (that is, by five years) or to repay the principal and interest of the current medium term note due at maturity in full at the end of the term.
- ④ For 2022 medium term note of second 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 medium term note by one term (that is, by three years) or to repay the principal and interest of the current medium term note due at maturity in full at the end of the term.

Counter-measures to the risks of listing termination of the Company

Not applicable.

Overdue debts

Not applicable.

Explanations on overdue debts

Not applicable.

2. *Trigger and enforcement of clauses on issuer or investor option as well as investor protection*

Not applicable.

3. *Adjustments on credit rating results*

Not applicable.

Other explanations

Not applicable.

4. *Execution, changes and impact of guarantees, debt repayment plan and other solvency supporting measures during the reporting period*

Not applicable.

Other explanations

The terms of guarantees, debt repayment plan and other solvency supporting measures of the debt financing instruments the Company issued remain unchanged and are consistent with the prospectus during the reporting period.

5. *Basic information of non-financial enterprise debt financing instrument*

Not applicable.

CHAPTER 8 BONDS – CONTINUED

(IV) The Loss in the Consolidated Statement of the Company during the Reporting Period Exceeding 10% of the Net Assets at the end of the Previous Year

Not applicable.

(V) Key Financial Data and Indicators

Unit: RMB10 thousand

Main Indicators	As at	As at	Increase/ Decrease at the end of the reporting period compared with the end of the previous year (%)
	30 June 2022	31 December 2021	
Current Ratio	1.18	0.94	26.08
Liquidity Ratio	1.01	0.79	26.96
Debt-to-asset Ratio (%)	62.90	66.58	Decrease by 3.68 percentage points
	January to	January to	Increase/ Decrease at the end of the reporting period compared with the end of the previous year (%)
	June 2022	June 2021	
Net profit after deducting extraordinary gains or losses	1,783,858	607,126	193.82
Total debt to EBITDA ratio	2.70	7.15	-62.18
Interest coverage ratio	13.68	4.23	223.57
Cash interest coverage ratio	5.72	2.89	98.20
EBITDA interest coverage ratio	16.76	6.59	154.30
Loan repayment ratio (%)	100	100	0.00
Interest coverage ratio (%)	100	100	0.00

II. CONVERTIBLE CORPORATE BONDS

Not applicable.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTES	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Gross sales of coal		61,281,948	30,954,186
Railway transportation service income		189,189	158,875
Gross sales of electricity and heat supply		1,647,382	1,303,459
Gross sales of equipment manufacturing		184,367	161,656
Gross sales of chemical products		11,972,472	10,095,328
Total revenue		75,275,358	42,673,504
Transportation costs		(2,072,147)	(1,838,257)
Cost of sales and service provided		(25,551,423)	(20,027,020)
Cost of electricity and heat supply		(1,492,574)	(1,277,153)
Cost of equipment manufacturing		(160,919)	(138,827)
Cost of chemical products		(9,889,955)	(6,400,013)
Total cost of sales		(39,167,018)	(29,681,270)
Gross profit		36,108,340	12,992,234
Selling, general and administrative expenses		(7,079,919)	(4,946,114)
Share of results of associates		1,213,143	1,050,034
Share of results of joint ventures		268,423	(92,263)
Other income and gains		2,090,311	1,367,576
Finance costs	5	(2,341,181)	(2,384,168)
Profit before tax	6	30,259,117	7,987,299
Income taxes expenses	7	(7,613,640)	(1,386,316)
Profit for the period		22,645,477	6,600,983
Attributable to:			
Equity holders of the Company		18,453,733	6,277,804
Owners of perpetual capital securities		176,927	49,567
Non-controlling interests			
– Other		4,014,817	273,612
		22,645,477	6,600,983
Earnings per share, basic	9	RMB3.78	RMB1.29
Earnings per share, diluted	9	RMB3.76	RMB1.29

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Profit for the period		22,645,477	6,600,983
Other comprehensive income (expense) (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")		32	(56)
Income tax relating to item that will not be reclassified subsequently		(8)	14
		24	(42)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Cash flow hedge amount recognised in other comprehensive income		(371,943)	(440,802)
Reclassification adjustments for amounts transferred to income statement		488,810	86,024
Deferred taxes		(35,060)	106,434
		81,807	(248,344)
Share of other comprehensive income of associates		(20,997)	20,697
Exchange difference arising on translation of foreign operations		(40,837)	(1,132,903)
Other comprehensive expense for the period		19,997	(1,360,592)
Total comprehensive income for the period		22,665,474	5,240,391
Attributable to:			
Equity holders of the Company		18,487,056	5,336,840
Owners of perpetual capital securities		176,927	49,567
Non-controlling interests			
– Perpetual capital securities		–	–
– Other		4,001,491	(146,016)
		22,665,474	5,240,391

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTES	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Current assets			
Bank balances and cash	10	49,996,196	40,044,795
Pledged term deposits	10	160,000	160,000
Restricted cash	10	6,686,309	5,367,672
Bills and accounts receivables	11	15,757,970	13,602,107
Royalty receivable		175,351	105,829
Inventories		8,495,083	7,806,715
Prepayments and other receivables	12	21,026,823	20,261,343
Long term receivables – due within one year		2,719,446	1,445,352
Financial assets at fair value through profit or loss (“FVTPL”)		1,429	150,481
		105,018,607	88,944,294
Assets classified as held for sale		7,891	7,904
		105,026,498	88,952,198
Non-current assets			
Intangible assets		74,324,666	75,528,799
Property, plant and equipment	13	73,427,847	75,270,589
Right-of-use assets	14	3,560,323	3,933,816
Investment properties		1,414,126	1,414,126
Construction in progress		13,580,007	11,910,634
Prepayment for property, plant and equipment and intangible assets		12,216,798	12,149,077
Goodwill		1,720,020	1,720,498
Investments in securities		649,293	594,183
Interests in associates		20,775,563	19,488,070
Interests in joint ventures		928,286	661,077
Long term receivables – due after one year		3,756,624	6,343,092
Royalty receivable		987,504	914,055
Deposits made on investments		386,456	298,956
Deferred tax assets		2,577,526	2,779,837
		210,305,039	213,006,809
Total assets		315,331,537	301,959,007

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 30 JUNE 2022

	NOTES	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Current liabilities			
Bills and accounts payables	15	22,873,229	22,995,923
Other payables and accrued expenses		33,835,875	36,647,289
Contract liabilities		3,992,805	4,982,639
Provision for land subsidence, restoration, rehabilitation and environmental costs	16	1,017,277	966,925
Provision		51,331	52,695
Amounts due to Parent Company and its subsidiaries		1,791,209	2,693,959
Borrowings – due within one year	17	19,966,757	25,205,390
Financial liabilities at FVTPL		59,132	59,132
Lease liabilities	14	10,661	184,117
Tax payable		5,940,641	2,491,895
Long term payables – due within one year		829	1,518
		89,539,746	96,281,482
Non-current liabilities			
Provision for land subsidence, restoration, rehabilitation and environmental costs	16	4,543,463	3,692,198
Provision		1,316,077	1,115,839
Borrowings – due after one year	17	80,688,736	78,194,707
Lease liabilities	14	461,483	915,911
Long term payables – due after one year		5,045,206	3,623,604
Deferred tax liabilities		10,485,073	10,178,780
		102,540,038	97,721,039
Total liabilities		192,079,784	194,002,521
Capital reserves			
Share capital	18	4,948,704	4,874,184
Reserves	18	72,547,119	63,783,476
Equity attributable to equity holders of the Company		77,495,823	68,657,660
Owners of perpetual capital security	19	13,072,398	8,118,100
Non-controlling interests			
– Others		32,683,532	31,180,726
		123,251,753	107,956,486
Total liabilities and equity		315,331,537	301,959,007

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to equity holders of the Company												Perpetual Capital Securities issued by the Company	Non- controlling interests- Others	Total
	Share capital RMB'000 (note 18)	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Future development fund RMB'000 (note 18)	Statutory common reserve fund RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 18)	Total RMB'000	RMB'000			
At 1 January 2021 (audited)	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	
Profit for the period (unaudited)	-	-	-	-	-	-	-	-	-	6,277,804	6,277,804	49,567	273,612	6,600,983	
Other comprehensive income (expenses)															
- Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	-	(42)	-	-	(42)	-	-	(42)	
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	20,697	-	-	20,697	-	-	20,697	
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	(154,620)	-	(154,620)	-	(83,725)	(248,345)	
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(806,999)	-	-	-	(806,999)	-	(325,903)	(1,132,902)	
Total comprehensive income for the period (unaudited)	-	-	-	-	-	-	(806,999)	20,655	(154,620)	6,277,804	5,336,840	49,567	(146,016)	5,240,391	
Transactions with owners (unaudited)															
- Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	5,000,000	-	5,000,000	
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(272,630)	-	(272,630)	
- Issue of shares upon exercise of share option	14,184	131,118	-	(31,347)	-	-	-	-	-	(7,291)	106,664	-	-	106,664	
- Recognition of equity-settled share based payments	-	-	-	11,103	-	-	-	-	-	-	11,103	-	1,511	12,614	
- Transaction with non-controlling interests	-	-	140,713	-	-	-	-	-	-	-	140,713	-	(52,594)	88,119	
- Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)	
- Deemed contribution	-	-	653,463	-	-	-	-	-	-	-	653,463	-	396,108	1,049,571	
- Dividend	-	-	-	-	-	-	-	-	-	(4,874,184)	(4,874,184)	-	-	(4,874,184)	
Transactions with owners (unaudited)	14,184	131,118	794,176	(20,244)	-	-	-	-	-	(4,881,475)	(3,982,241)	(272,630)	345,025	(3,890,046)	
At 30 June 2021 (unaudited)	4,874,184	2,866,482	27,509	44,207	969,450	7,367,074	(7,019,740)	273,618	(398,162)	50,264,728	59,269,350	4,994,404	29,169,801	93,433,555	

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to equity holders of the Company											Perpetual Capital Securities issued by the Company	Non- controlling interests- Others	Total
	Share capital RMB'000 (note 18)	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Future development fund RMB'000 (note 18)	Statutory common reserve fund RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 18)	Total RMB'000			
At 1 January 2022 (audited)	4,874,184	2,880,988	(169,297)	40,931	969,450	7,769,867	(8,187,691)	209,368	(270,288)	60,540,148	68,657,660	8,118,100	31,180,726	107,956,486
Profit for the period (unaudited)	-	-	-	-	-	-	-	-	-	18,453,733	18,453,733	176,927	4,014,817	22,645,477
Other comprehensive income (expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	-	24	-	-	24	-	-	24
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	50,933	-	50,933	-	30,874	81,807
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	(20,997)	-	-	(20,997)	-	-	(20,997)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	3,363	-	-	-	3,363	-	(44,200)	(40,837)
Total comprehensive income for the period (unaudited)	-	-	-	-	-	-	3,363	(20,973)	50,933	18,453,733	18,487,056	176,927	4,001,491	22,665,474
Transactions with owners (unaudited)														
- Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	4,990,400	-	4,990,400
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(213,029)	-	(213,029)
- Issue of shares	74,520	756,022	(723,593)	(23,625)	-	-	-	-	-	-	83,324	-	-	83,324
- Recognition of equity-settled share based payments	-	-	-	135,067	-	-	-	-	-	-	135,067	-	7,173	142,240
- Transaction with non-controlling interests	-	-	30,123	-	-	-	-	-	-	-	30,123	-	19,389	49,512
- Dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,525,247)	(2,525,247)
- Dividend	-	-	-	-	-	-	-	-	-	(9,897,407)	(9,897,407)	-	-	(9,897,407)
Transactions with owners (unaudited)	74,520	756,022	(693,470)	111,442	-	-	-	-	-	(9,897,407)	(9,648,893)	4,777,371	(2,498,685)	(7,370,207)
At 30 June 2022 (unaudited)	4,948,704	3,637,010	(862,767)	152,373	969,450	7,769,867	(8,184,328)	188,395	(219,355)	69,096,474	77,495,823	13,072,398	32,683,532	123,251,753

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	25,112,369	5,268,317
INVESTING ACTIVITIES		
Withdrawal (placement) of restricted cash	(1,318,637)	1,646,807
Withdrawal of term deposits	–	1,009,996
Investment in associate	(24,000)	(95,470)
Purchase of intangible assets	(88,147)	(85,402)
Purchase of property, plant and equipment and construction in progress	(3,447,830)	(2,857,305)
Proceeds on disposal of property, plant and equipment	72,738	95,381
(Increase) decrease in deposit for acquisition of property, plant and equipment	(67,721)	2,871
Dividend income received from associates	171,534	26,647
Decrease (increase) in long term and loan receivables	2,361,622	(5,112,167)
Settlement of payables for acquisition of subsidiaries	(17,900)	(8,500,089)
Other investing activities	(114,713)	20,165
NET CASH USED IN INVESTING ACTIVITIES	(2,473,054)	(13,848,566)

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
Distribution paid to holders of perpetual capital securities and subordinated capital notes	(213,029)	(272,830)
Payment of lease liabilities	(419,020)	(494,711)
Proceeds from issuance of shares	806,917	106,664
Proceeds from borrowings	12,974,527	17,493,340
Proceeds from sale-leaseback transaction	–	2,181,481
Proceeds from issuance of perpetual capital securities	4,990,400	5,000,000
Repayments of borrowings	(8,180,901)	(5,554,024)
Proceeds from issuance of guaranteed notes	–	3,990,300
Dividend paid to non-controlling shareholders	(2,525,247)	–
Repayment of guaranteed notes	(7,656,980)	(5,060,439)
Redemption of perpetual capital securities	–	(5,000,000)
(Decrease) increase in customers' deposits for financing business received	(12,693,018)	820,352
Contribution from non-controlling interests	49,512	88,119
NET (USED IN) FINANCING ACTIVITIES	(12,866,839)	13,298,252
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,772,476	4,718,003
CASH AND CASH EQUIVALENTS, AT BEGINNING OF THE PERIOD	40,044,795	17,116,460
Effect of foreign exchange rate	178,925	373,213
CASH AND CASH EQUIVALENTS, AT END OF THE PERIOD, represented by bank balances and cash	49,996,196	22,207,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. GENERAL

Yankuang Energy Group 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”) and its H shares are listed on The Stock Exchange of Hong Kong Limited (the “HKEX”). The Company’s parent and ultimate holding company is Shandong Energy Company 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 and General Information section of the interim report.

The principal activities of the Company are investment holdings, coal mining and coal railway transportation. The subsidiaries of the Company are principally engaged in coal mining, smart logistics, electricity and heat supply, equipment manufacturing and chemical products.

The condensed consolidated financial information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed interim consolidated financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the HKEX. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021. The interim financial information is unaudited.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial information has been prepared on the historical basis except for investment properties and certain financial instruments, which are measured at fair value.

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except as described below.

In the current interim period, the Group has applied, for the first time, amendments to references to the conceptual framework in International Financial Reporting Standards ("IFRS") and the following new amendments to IFRSs issued by the IASB, which are effective for the financial year beginning on 1 January 2022:

Amendments to IFRS 3	Reference to Conceptual Framework
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendment to IFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle

The application of the amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

4. SEGMENT INFORMATION

The Group is engaged primarily in the mining business. The Group is also engaged in the smart logistics 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 transportation business via rivers and lakes and provision of financial service in PRC. No separate segment information about these businesses is presented in these financial statements as the underlying gross revenue, results and assets of these businesses are not significant to the Group. 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. In addition, certain of the Company's subsidiaries are engaged in production of methanol and other chemical products, and provision of heat and electricity.

4. SEGMENT INFORMATION – CONTINUED

Gross revenue disclosed below is same as the turnover (total revenue).

For management purposes, the Group is currently organised into five operating divisions-coal mining, smart logistics, electricity and heat supply, equipment manufacturing and chemical products. 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
Smart logistics	–	Provision of transportation services
Electricity and heat supply	–	Provision of electricity and related heat supply services
Equipment manufacturing	–	Manufacturing of comprehensive coal mining and excavating equipment
Chemical products	–	Production and sales of chemical products

Segment results represents the results of each segment without allocation of corporate expenses and directors' emoluments, share of results of associates and joint ventures, interest income, finance costs and income tax expenses. This is the measure reported to the board, being the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results

Segment information about these businesses is presented below:

	For the six months ended 30 June 2022							
	Coal mining RMB'000 (unaudited)	Smart logistics RMB'000 (unaudited)	Electricity and heat supply RMB'000 (unaudited)	Equipment manufacturing RMB'000 (unaudited)	Chemical products RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Eliminations RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
SEGMENT REVENUE								
External	61,281,948	189,189	1,647,382	184,367	11,972,472	-	-	75,275,358
Inter-segment	15,437,067	-	-	802,491	457,253	-	(16,696,811)	-
Total	76,719,015	189,189	1,647,382	986,858	12,429,725	-	(16,696,811)	75,275,358
RESULTS								
Segment results	30,213,198	32,838	69,131	17,736	1,627,169	-	-	31,960,072
Unallocated corporate expenses	-	-	-	-	-	-	-	(2,715,361)
Unallocated corporate income	-	-	-	-	-	-	-	918,289
Interest income	-	-	-	-	-	-	-	955,732
Share of results of associates	63,115	31,145	21,682	647	-	1,096,554	-	1,213,143
Share of results of joint ventures	268,423	-	-	-	-	-	-	268,423
Finance costs	-	-	-	-	-	-	-	(2,341,181)
Profit before tax								30,259,117
Income taxes expenses								(7,613,640)
Profit for the period								22,645,477

Inter-segment revenue is charged at prices pre-determined by the relevant governmental authority.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results – CONTINUED

	For the six months ended 30 June 2021							
	Coal mining RMB'000 (unaudited)	Smart logistics RMB'000 (unaudited)	Electricity and heat supply RMB'000 (unaudited)	Equipment manufacturing RMB'000 (unaudited)	Chemical products RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Eliminations RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
SEGMENT REVENUE								
External	30,954,186	158,875	1,303,459	161,656	10,095,328	-	-	42,673,504
Inter-segment	3,413,393	-	38,674	534,107	5,650,992	-	(9,637,166)	-
Total	34,367,579	158,875	1,342,133	695,763	15,746,320	-	(9,637,166)	42,673,504
RESULTS								
Segment results	6,427,347	45,057	625,797	22,829	2,962,079	-	-	10,083,109
Unallocated corporate expenses	-	-	-	-	-	-	-	(1,494,002)
Unallocated corporate income	-	-	-	-	-	-	-	241,262
Interest income	-	-	-	-	-	-	-	583,327
Share of profits of associates	26,342	28,134	46,902	-	-	948,656	-	1,050,034
Share of losses of joint ventures	(92,263)	-	-	-	-	-	-	(92,263)
Finance costs	-	-	-	-	-	-	-	(2,384,168)
Profit before tax								7,987,299
Income taxes expenses								(1,386,316)
Profit for the period								6,600,983

Inter-segment revenue is charged at prices pre-determined by the relevant governmental authority.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
– Bank and other borrowings	2,398,761	2,564,648
– Lease liabilities	28,921	20,623
	2,427,682	2,585,271
Less: interest expenses capitalised into construction in progress	(86,501)	(201,103)
	2,341,181	2,384,168

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	2,488,371	1,407,525
Depreciation of property, plant and equipment	5,503,329	3,063,571
Depreciation of right-of-use assets	202,820	305,944
Interest income	(955,732)	(583,327)
Gain on disposal of a subsidiary	–	(124,238)
Fair value gain on financial assets at fair value through profit or loss	(28,290)	(570)
Gain on disposal of property, plant and equipment, net	(18,263)	(30,291)
Reversal of impairment loss recognised in respect of inventories	(295)	(48,233)
Exchange gain, net	(243,849)	(352,415)
(Reversal of) provision of impairment loss on accounts and other receivables	(41,030)	173,257

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income taxes:		
Current taxes	7,135,151	1,231,677
Deferred taxes	478,489	154,639
	7,613,640	1,386,316

8. DIVIDEND

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
2021 final dividend, RMB2.00 per share (2021: 2020 final dividend, RMB1.00 per share)	9,897,407	4,874,184

Pursuant to the annual general meeting held on 18 June 2021, a final dividend of RMB1.00 per share in respect of the year ended 31 December 2020 was approved.

Pursuant to the annual general meeting held on 30 June 2022, a final dividend and special dividend of RMB1.60 and RMB0.40 per share respectively in respect of the year ended 31 December 2021 were approved.

9. EARNINGS PER SHARE

For the period ended 30 June 2021

The calculation of the basic earnings per share attributable to equity holders of the Company for the six months ended 30 June 2021 is based on the profit for the period of approximately RMB6,277,804,000 and on the weighted average of 4,866,900,000 shares in issue during the six months ended 30 June 2021.

For the purpose of computation of diluted earnings per share for the six months ended 30 June 2021, the Company had taken into consideration the dilutive effects of the share options issued by the Company. The diluted earnings per share for the six months ended 30 June 2021 approximate the basic earnings per share. The shares issuable under the share incentive scheme of a non-wholly-owned listed subsidiary had an anti-dilutive effect on the Company's earnings per share for the six months ended 30 June 2021.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

9. EARNINGS PER SHARE – CONTINUED

For the period ended 30 June 2022

The calculation of the basic earnings per share attributable to equity holders of the Company for the six months ended 30 June 2022 is based on the profit for the period of approximately RMB18,453,733,000 and on the weighted average of 4,883,575,000 shares in issue during the six months ended 30 June 2022.

The calculation of the diluted earnings per share for the period ended 30 June 2022 is based on the profit for the period attributable to equity holders of the Company with an adjustment on effect of dilutive share incentive scheme of a non-wholly owned listed subsidiary.

For the period ended 30 June 2022, the number of ordinary shares used in the calculation of diluted earnings per share is the weighted average number of ordinary shares in issue during the period as used in the basic earnings per share calculation and adjusted for the effect of potential ordinary shares from the Company's share options.

The calculations of basic and diluted earnings per share are based on the following data:

Earnings	RMB'000
Profit for the period attributable to equity holders of the parent, used in the basic earnings per share calculation	18,453,733
Adjustment to the share of profit of a subsidiary based on dilution of their earnings	(18,330)
Earnings for the purpose of diluted earnings per share	<u>18,435,403</u>

Shares	Number of shares ('000)
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	4,883,575
Effect of dilutive potential ordinary shares:	
Share options	<u>13,301</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>4,896,876</u>

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

10. BANK BALANCES AND CASH/TERM DEPOSITS AND RESTRICTED CASH

At the reporting date, the restricted cash mainly represents the bank acceptance bill deposits paid for safety work as required by the State Administrative of work safety. Pledged term deposits were pledged to certain banks as security for loans and banking facilities granted to the Group.

11. BILLS AND ACCOUNTS RECEIVABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Accounts receivables (at amortised cost)	9,168,386	6,684,333
Less: Impairment loss	(479,417)	(505,005)
	8,688,969	6,179,328
Bills receivables (at FVTOCI)	7,069,971	7,423,806
Less: Impairment loss	(970)	(1,027)
Total bills and accounts receivables, net	15,757,970	13,602,107

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 an average maturity of six months.

At as 30 June 2022, the gross amount of bills and accounts receivable arising from contracts with customers amounted to approximately RMB16,238,357,000 (31 December 2021: RMB14,108,139,000).

According to the credit rating of different customers, the Group allows a range of credit periods to its trade customers not exceeding 180 days.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

11. 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, at the end of the reporting period:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
0-90 days	10,411,158	9,051,257
91-180 days	2,591,759	2,253,293
181-365 days	1,738,817	1,681,701
Over 1 year	1,016,236	615,856
	15,757,970	13,602,107

An analysis of the impairment loss on bills and accounts receivables for the period/year ended 30 June 2022 and 31 December 2021 are as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
At the beginning of the period/year	506,032	501,078
Amounts written off as uncollectible	(15,427)	(8,550)
Provided for the period/year	24,006	17,620
Impairment loss reversed	(34,224)	(4,116)
At the end of the period/year	480,387	506,032

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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

12. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Advance to suppliers	6,100,321	4,920,798
Less: Impairment loss on advance to suppliers	(30,397)	(30,397)
	6,069,924	4,890,401
Prepaid relocation costs of inhabitants	4,421,444	3,499,399
Other taxes	584,265	1,130,985
Loan receivables	6,643,495	7,788,118
Interest receivable	56,129	43,265
Others	6,039,897	5,735,645
Less: Impairment loss on other receivables	(2,788,331)	(2,826,470)
	21,026,823	20,261,343

- (i) An analysis of the impairment loss on advances to suppliers for the period/year ended 30 June 2022 and 31 December 2021 are as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
At the beginning of the period/year	30,397	–
Provided for the period/year	–	30,397
At the end of the period/year	30,397	30,397

Advances will be written off, if aged over 4 years and considered irrecoverable by the management after considering the credit quality of the individual counterparty and the nature of the amount overdue.

12. PREPAYMENTS AND OTHER RECEIVABLES – CONTINUED

- (ii) An analysis of the impairment loss on other receivables for the period/year ended 30 June 2022 and 31 December 2021 are as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
At the beginning of the period/year	2,826,470	2,336,746
Provided for the period/year	–	555,020
Impairment loss reversed	(30,812)	(51,688)
Impairment written off as uncollectible	(7,327)	(13,608)
At the end of the period/year	<u>2,788,331</u>	<u>2,826,470</u>

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of approximately RMB1,507,392,000 (year ended 31 December 2021: approximately RMB4,494,377,000). Items of property, plant and equipment with a net book value of approximately RMB54,475,000 were disposed of during the six months ended 30 June 2022 (year ended 31 December 2021: approximately RMB884,395,000), resulting in gain on disposals of approximately RMB18,263,000 (year ended 31 December 2021: gain on disposals of approximately RMB57,596,000). Items of property, plant and equipment with a net book value of approximately nil and RMB740,424,000 were transferred from right-of-use and construction in progress during the six months ended 30 June 2022 (year ended 31 December 2021: RMB901,986,000 and RMB14,414,227,000).

14. LEASES

(i) Right-of-use assets

As at 30 June 2022, the carrying amounts of right-of-use assets were approximately RMB2,331,000, RMB3,465,993,000 and RMB91,999,000 (31 December 2021: approximately RMB3,932,000, RMB3,686,271,000 and RMB243,613,000) in respect of the properties leased under operating leases, land use right and plant and equipment under finance leases.

During the six months ended 30 June 2022, the Group entered into a number of lease agreements for the properties leased under operating leases, land use right and plant and equipment under finance leases and on lease commencement, the Group recognised right-of-use assets of approximately RMB37,005,000.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

14. LEASES – CONTINUED

(ii) Lease liabilities

As at 30 June 2022, the carrying amount of lease liabilities was approximately RMB472,144,000 (31 December 2021: RMB1,100,028,000). During the six months ended 30 June 2022, the Group entered into a number of new lease agreements and recognised lease liabilities of approximately RMB37,005,000.

(iii) Amounts recognised in profit or loss

	Six months ended 30 June 2022 RMB'000 (unaudited)	Six months ended 30 June 2021 RMB'000 (audited)
Depreciation expense on right-of-use assets	202,820	305,944
Interest expense on lease liabilities	28,921	20,623

(iii) Total cash outflow for lease

During the six months ended 30 June 2022, the total cash outflow for leases amount to approximately RMB419,020,000 (2021: approximately RMB494,711,000).

15. BILLS AND ACCOUNTS PAYABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Accounts payables	11,970,317	12,305,428
Bills payables	10,902,912	10,690,495
	22,873,229	22,995,923

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

15. BILLS AND ACCOUNTS PAYABLES – CONTINUED

The following is an aged analysis of bills and accounts payables based on the invoice dates at the reporting date:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
0 – 90 days	12,772,277	13,690,406
91 – 180 days	2,961,687	3,174,587
181 – 365 days	2,776,582	2,976,175
Over 1 year	4,362,683	3,154,755
	22,873,229	22,995,923

The average credit periods for bills and accounts payables are 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

16. PROVISION FOR LAND SUBSIDENCE, RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
At the beginning of the period/year	4,659,123	3,423,249
Exchange re-alignment	(6,707)	(271,506)
Additional provision in the period/year	957,858	1,647,343
Utilisation of provision	(49,534)	(139,963)
At the end of the period/year	5,560,740	4,659,123
Presented as:		
Current portion	1,017,277	966,925
Non-current portion	4,543,463	3,692,198
	5,560,740	4,659,123

Provision for land subsidence, restoration, rehabilitation and environmental costs has been determined by the directors of the Company 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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

17. BORROWINGS

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Current liabilities		
Borrowings		
– Unsecured borrowings (i)	15,511,155	12,027,818
– Secured borrowings (ii)	4,455,602	5,520,592
Guaranteed notes (iii)	–	7,656,980
	19,966,757	25,205,390
Non-current liabilities		
Borrowings		
– Unsecured borrowings (i)	25,563,753	25,303,593
– Secured borrowing (ii)	24,503,501	22,712,798
Guaranteed notes (iii)	14,369,917	14,138,800
Corporate bonds (iv)	9,972,700	9,968,200
Other unsecured borrowings (v)	4,000,353	3,646,508
Other secured borrowings (vi)	2,278,512	2,424,808
Total borrowings	80,688,736	78,194,707
	100,655,493	103,400,097

(i) Unsecured borrowings are repayable as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Within one year	15,511,155	12,027,818
More than one year, but not exceeding two years	6,013,000	6,188,377
More than two years, but not more than five years	17,363,253	17,415,216
More than five years	2,187,500	1,700,000
	41,074,908	37,331,411

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

17. BORROWINGS – CONTINUED

(ii) Secured borrowings are repayable as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Within one year	4,455,602	5,520,592
More than one year, but not exceeding two years	4,519,580	4,197,253
More than two years, but not more than five years	16,473,776	16,120,408
More than five years	3,510,145	2,395,137
	28,959,103	28,233,390

(iii) Guaranteed notes are detailed as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Guaranteed notes denominated in RMB repayable within one year	–	6,994,200
Guaranteed notes denominated in USD repayable within one years	3,345,782	662,780
Guaranteed notes denominated in RMB repayable within one to two years	7,040,150	–
Guaranteed notes denominated in USD repayable within one to two years	1,987,985	3,174,896
Guaranteed notes denominated in RMB repayable within two to five years	–	9,064,031
Guaranteed notes denominated in USD repayable within two to five years	–	1,899,873
Guaranteed notes denominated in RMB repayable after five years	1,996,000	–
	14,369,917	21,795,780

(iv) Corporate bonds are detailed as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Bonds denominated in RMB repayable within one to two years	3,799,025	–
Bonds denominated in RMB repayable within two to five years	4,189,175	2,993,600
Bonds denominated in RMB repayable after five years	1,984,500	6,974,600
	9,972,700	9,968,200

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

17. BORROWINGS – CONTINUED

(v) Other unsecured borrowing is detailed as follows:

As at 30 June 2022, the unsecured borrowing of Yancoal Australia was amounting to RMB4,000,353,000 (approximately USD596,053,432) (31 December 2021: RMB3,646,508,000 (approximately USD571,938,000)) which carried interest at 4.65% per annum.

(vi) Other secured borrowing is detailed as follows:

As at 30 June 2022, the unsecured borrowings of the Group were amounting to RMB2,278,512,000 (31 December 2021: RMB2,424,808,000) which carried interest at 4.65% per annum.

18. 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 2021 (audited)	2,960,000,000	1,900,000,000	4,860,000,000
Issue of shares upon exercise of share options (note i)	14,184,060	–	14,184,060
At 31 December 2021 (audited)	2,974,184,060	1,900,000,000	4,874,184,060
Issue of shares upon exercise of share options (note i)	74,519,580	–	74,519,580
At 30 June 2022 (unaudited)	3,048,703,640	1,900,000,000	4,948,703,640
Registered, issued and fully paid			
	Domestic invested shares A shares RMB'000	Foreign invested shares H shares RMB'000	Total RMB'000
At 1 January 2021 (audited)	2,960,000	1,900,000	4,860,000
Issue of shares upon exercise of share options (note i)	14,184	–	14,184
At 31 December 2021 (audited)	2,974,184	1,900,000	4,874,184
Issue of shares upon exercise of share options (note i)	74,520	–	74,520
At 30 June 2022 (unaudited)	3,048,704	1,900,000	4,948,704

18. SHAREHOLDERS' EQUITY – CONTINUED

Share capital – Continued

Each share has a par value of RMB1.

Note:

- (i) During the six months ended 30 June 2022, 12,779,580 (year ended 31 December 2021: 14,184,060) ordinary shares of RMB1 each were issued upon the exercise of share options. In addition, 61,740,000 (year ended 31 December 2021: nil) ordinary shares were issued under the Company's restricted share incentive scheme. The total considerations were approximately RMB806,917,000 (year ended 31 December 2021: RMB128,461,060) and resulted in the net increase in share capital and share premium of approximately RMB74,520,000 and RMB732,397,000 respectively (2021: RMB14,184,000 and RMB114,277,000 respectively). The share option reserve has been decreased by approximately RMB23,625,000 (year ended 31 December 2021: RMB31,347,000) and was transferred to share premium.

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, Ordos, Shaanxi Future Energy and Inner Mongolia Mining: RMB10.5 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 Tianchi 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, Shaanxi Future Energy and Inner Mongolia Mining RMB15 per tonne of raw coal mined) 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.

18. 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.

As at 30 June 2022, the distributable reserve of the Company is approximately RMB36,715,570,000 (31 December 2021: approximately RMB37,388,828,000).

19. PERPETUAL CAPITAL SECURITIES

	Perpetual capital securities issued by the Company RMB'000 (note i to vi)
At 1 January 2021 (audited)	5,217,667
Issuance of perpetual capital security	7,984,270
Dividend to holders of perpetual capital security	178,664
Distribution paid to holders of perpetual capital security	(262,501)
Redemption of perpetual capital security (i)	(5,000,000)
At 31 December 2021 and 1 January 2022 (audited)	8,118,100
Issuance of perpetual capital security	4,990,400
Profit attributable to holders of perpetual capital security	176,927
Distribution paid to holders of perpetual capital security	(213,029)
At 30 June 2022 (unaudited)	13,072,398

19. PERPETUAL CAPITAL SECURITIES – CONTINUED

- (i) 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. During the year ended 31 December 2021, the Group has redeemed these perpetual securities at their principal amount.
- (ii) The Company issued 3.99% and 4.40% perpetual capital securities with par value RMB1,700,000,000 and RMB3,300,000,000 respectively, on 22 June 2021. Coupon payments of 3.99% and 4.40% per annum on the perpetual capital securities are paid once a year. 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.
- (iii) The Company issued 3.54% perpetual capital securities with par value RMB1,000,000,000 on 20 August 2021. Coupon payments of 3.54% per annum on the perpetual capital securities are paid once a year. 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.
- (iv) The Company issued 3.67% perpetual capital securities with par value RMB2,000,000,000 on 26 November 2021. Coupon payments of 3.67% 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.
- (v) The Company issued 3.28% and 3.71% 2022 perpetual capital securities with par value RMB2,500,000,000 and RMB500,000,000 respectively, on 19 May 2022. Coupon payments of 3.28% and 3.71% per annum on the perpetual capital securities are paid once a year. 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.

19. PERPETUAL CAPITAL SECURITIES – CONTINUED

- (vi) The Company issued 3.30% perpetual capital securities with par value RMB2,000,000,000 on 8 June 2022. Coupon payments of 3.30% per annum on the perpetual capital securities are paid once a year. 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.

20. FAIR VALUES

The fair value of investment in securities is determined with reference to quoted market price and where market prices are not available, fair values are estimated using appropriate valuation technique. The fair values of the forward foreign exchange contracts are estimated based on the discounted cash flows between the contract forward rate and spot forward rate. The fair values of interest rate swap contracts are estimated based on the discounted cash flows between the contract floating rate and contract fixed rate. 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. Fair values of investments in securities are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of policy models or discounted cash flows

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial information approximate their fair values.

Fair values of financial assets and financial liabilities are determined as follows:

The following table presents the carrying value of financial instruments measured at fair value across the three levels of the fair value hierarchy. The levels of fair value are defined as follows:

- | | |
|----------|--|
| Level 1: | fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities; |
| Level 2: | fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and |
| Level 3: | fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs). |

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

20. FAIR VALUES – CONTINUED

				At 30 June 2022
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Assets				
Financial assets at FVTPL				
– Unlisted equity investments	–	–	522,478	522,478
– Royalty receivables	–	–	1,162,855	1,162,855
– Unlisted debt investments	1,429	–	–	1,429
Financial assets at FVTOCI				
– Bill receivables	–	–	7,069,971	7,069,971
– Investments in securities listed on the SSE	381	–	–	381
– Unlisted equity securities	–	–	126,434	126,434
	1,810	–	8,881,738	8,883,548
Liabilities				
Financial liabilities at FVTPL				
– Derivative financial instruments	–	59,132	–	59,132
At 31 December 2021				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(audited)
Assets				
Financial assets at FVTPL				
– Unlisted equity investments	–	–	494,188	494,188
– Royalty receivables	–	–	1,019,884	1,019,884
– Unlisted debt investments	150,481	–	–	150,481
Financial assets at FVTOCI				
– Bill receivables	–	–	7,423,806	7,423,806
– Investments in securities listed on the SSE	349	–	–	349
– Unlisted equity securities	–	–	99,646	99,646
	150,830	–	9,037,524	9,188,354
Liabilities				
Financial liabilities at FVTPL				
– Derivative financial instruments	–	59,132	–	59,132

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

20. FAIR VALUES – CONTINUED

During the six months ended 30 June 2022 and the year ended 31 December 2021 there are no changes in categories between level 1 and level 2 and no movement from or into level 3.

The fair value of the royalty receivables 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% (2021: 11%). The estimated fair value would increase if the sales volumes and coal prices were higher and if the AUD weakens against the US\$. The estimated fair value would also increase if the risk adjusted discount rate was lower.

21. 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. Related parties transactions, that are also continuing connected transactions under Main Board Listing Rules Chapter 14A, continuing connected transactions are disclosed below:

Balances and transactions with related parties

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Nature of balances (other than those already disclosed)		
Bills and accounts receivables		
– Parent Company and its subsidiaries	957,718	681,443
– Joint ventures	70,783	214,412
– Associates	36,628	479
Prepayments and other receivables		
– Parent Company and its subsidiaries	7,016,308	6,323,435
– Joint ventures	–	715
– Associates	22,562	22,279
Long-term receivables (note i)		
– Parent Company and its subsidiaries	2,093,704	2,094,039
– Joint ventures	54,010	688,253
Bills and accounts payables		
– Parent Company and its subsidiaries	1,791,209	2,693,959
– Joint ventures	8,993	18,753
– Associates	37,982	29,822
Other payables and accrued expenses		
– Parent Company and its subsidiaries	13,233,309	26,299,541
– Associates	122,704	121,424
Other unsecured borrowings		
– Parent Company	4,000,353	3,646,508

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with related parties – Continued

Save for those stated in note i below, the amounts due from/to the Parent Company, joint ventures and its subsidiaries are non-interest bearing, unsecured and repayable on demand.

Note:

- i. Long-term receivables from associates are unsecured and interest bearing at Bank Bill Swap Rate (“BBSY”) +7.06% with a maturity date of 1 April 2025. The remaining are non-interest bearing, unsecured and with no fixed repayment terms.

During the periods, the Group had the following significant transactions with the Parent Company and/or its subsidiary companies, associates, joint ventures and non-controlling interest:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income		
Sales of coal	1,891,630	1,263,866
Sales of bulk commodities	105,346	–
Sales of auxiliary materials	277,022	202,968
Sales of heat and electricity	10,732	7,667
Sales of methanol	25,931	–
Equipment leasing	18,845	–
Professional services	214	–
Provision of repair and maintenance services	6,817	–
Provision of road transportation services	4,314	–
Provision of technology services	2,198	–
Expenditure		
Cost of methanol	264,859	–
Utilities and facilities	15,576	–
Purchases of supply materials and equipment	991,482	585,951
Repair and maintenance services	9,939	5,810
Social welfare and support services	476,747	442,857
Construction services	76,456	101,752
Medical ambulance services	10,703	–
ERP operation and maintenance services	11,792	–
Coal train convoy services	28,435	28,887
Financial services	617	–
Insurance fund management and payment services	362,988	–
Purchases of bulk commodities	93,514	–

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with related parties – Continued

As at 30 June 2022, the Parent Company and its subsidiaries (excluding the Group) had deposited approximately RMB12,197,385,000 (31 December 2021: approximately RMB24,890,403,000) to Yankuang Group Finance Co., Limited (“Yankuang Finance”). During the period, interest income from and interest expense to the Parent Company and its subsidiaries (excluding the Group) by Yankuang Finance, amounted to approximately RMB140,524,000 and RMB98,124,000 respectively (For the year ended 31 December 2021: approximately RMB258,402,000 and RMB245,363,000 respectively).

In addition to the above, the Company participates in a retirement benefit scheme of the Parent Company in respect of retirement benefits.

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 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:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Trade sales	1,966,351	5,262,326
Trade purchases	689,200	623,813

Material transactions with other state-controlled entities are as follows:

	At 30 June	At 31 December
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Amounts due to other state-controlled entities	401,923	1,014,219
Amounts due from other state-controlled entities	147,925	42,071

Amounts due to and from 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.

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with other state-controlled entities in the PRC – CONTINUED

Except as disclosed above, the directors 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 period or at any time during the year.

Balances and transactions with a joint venture

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Loan to a joint venture	81,928	688,253

The amount due from a joint venture is unsecured and interest is calculated at commercial rate.

Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Directors' fee	300	1,439
Salaries, allowance and other benefits in kind	6,188	3,148
Retirement benefit scheme contributions	758	476
	7,246	5,063

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

22. COMMITMENTS

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information		
Acquisition of property, plant and equipment		
– the Group	5,435,724	3,289,815
– share of joint operations	1,270,939	842,893
– others	25,971	26,171
Intangible assets		
– share of joint operations	8,867	19,741
– others	–	2,340
Exploration and evaluation		
– share of joint operations	2,375	4,219
	6,743,876	4,185,179

23. CONTINGENT LIABILITIES

Guarantees

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
(a) The Group		
– Performance guarantees provided to daily operations	635,817	614,988
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	508,009	496,614
(b) Joint operations		
– Performance guarantees provided to external parties	728,714	699,590
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	1,849,464	1,815,432
(c) Related parties		
– Performance guarantees provided to external parties	372,874	397,385
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	18,789	18,819
	4,113,667	4,042,828

SUPPLEMENTAL INFORMATION

I. SUMMARY OF DIFFERENCES BETWEEN CONDENSED CONSOLIDATED FINANCIAL INFORMATION 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 condensed consolidated financial information in accordance with relevant accounting principles and regulations applicable to PRC enterprises.

The condensed consolidated financial information 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 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

Under IFRS, the acquisitions of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun, Donghua, Yankuang Finance, 厚朴項目, 東方盛隆 and 上海東江 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, while excess of fair value of the net assets acquired over the purchase consideration is recognised in profit or loss.

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 financial statements 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) Reversal of impairment loss on intangible assets in Yancoal Australia

Under IFRS, the reversal of impairment loss on mining reserves was recognised as income in profit or loss.

Under PRC GAAP, no reversal of impairment loss on mining reserves was recognised.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

I. SUMMARY OF DIFFERENCES BETWEEN CONDENSED CONSOLIDATED FINANCIAL INFORMATION PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND THOSE UNDER THE PRC ACCOUNTING RULES AND REGULATIONS (“PRC GAAP”) (Continued)

(4) Classification of perpetual capital security due to differences between the financial statements prepared under IFRS and PRC GAAP

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.

(5) Deferred taxation due to differences between the financial statements prepared under IFRS and PRC GAAP

The following table summarises the differences between condensed consolidated financial information prepared under IFRS and those under PRC GAAP:

	Net income attributable to equity holders of the Company For the six months ended 30 June 2022 RMB'000 (unaudited)	Net assets attributable to equity holders of the Company As at 30 June 2022 RMB'000 (unaudited)
As per condensed consolidated financial information prepared under IFRS	18,453,733	77,495,823
Impact of IFRS adjustments in respect of:		
– future development fund charged to income before income taxes	(728,504)	-
– reversal of provision of work safety cost	1,727	(33,339)
– fair value adjustment and amortization	5,000	(205,052)
– acquisition of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun	-	(899,403)
– acquisition of Donghua	1,021	(415,568)
– acquisition of Yankuang Finance	-	(16,966)
– deferred tax	138,549	517,259
– perpetual capital security	-	13,072,398
– Reversal of impairment losses from Yancoal Australia	5,099	(84,341)
– acquisition of 厚朴項目	160,446	(7,697,539)
– acquisition of 東方盛隆 and 上海東江	-	(90,426)
– others	-	647,648
As per condensed consolidated financial information prepared under PRC GAAP	18,037,071	82,290,494