



ANNUAL REPORT  
2022



伊 泰

**内蒙古伊泰煤炭股份有限公司**

**INNER MONGOLIA YITAI COAL CO., LTD.\***

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

Stock Code : 3948

\*For identification purposes only



## IMPORTANT NOTICE

- I. **The Board of Directors and the Supervisory Committee of the Company and its Directors, Supervisors and senior management warrant that the information herein contained is true, accurate and complete and there are no false representations, misleading statements contained in or material omissions from this annual report, and severally and jointly accept full legal responsibility.**
- II. **All of the Company's Directors attended the Board meeting.**
- III. **Da Hua Certified Public Accountants (Special General Partnership) has issued its standard unqualified auditor's report for the Company.**
- IV. **The Company's Chairman, Zhang Jingquan, person in charge of accounting, Jin Rong, and Head of the Accounting Department (chief accounting officer), Hu Guojun, warrant the truthfulness, accuracy and completeness of the financial report set out in this annual report.**
- V. **Preliminary Plans for Profit Distribution or Transfer of Public Reserve into Share Capital for the reporting period as resolved and approved by the Board of Directors**

After the audit of Da Hua Certified Public Accountants (Special General Partnership), the net profit attributable to the parent under the consolidated statements of the Company prepared under the Accounting Standards for Chinese Business Enterprises for year 2022 amounted to RMB10,975,354,792.47, and the profit available for distribution among shareholders of the parent at the year end was RMB31,170,401,609.29. The Company proposed to actively revoke its H shares' listing on The Stock Exchange of Hong Kong Limited by repurchasing all issued H shares by way of offer and canceling relevant H shares. In full consideration of the capital expenditure on the planned H share repurchase and delisting, the production and operation needs of the Company and to ensure the capital demand of project construction, research and development, production and other daily operation, the Company proposed not to distribute profit, or make share capital transfers from capital reserve or other forms of distributions for the year 2022.

### VI. **Statement for the risks involved in the forward-looking statements**

This annual report contains forward-looking statements including future plans and development strategies, which do not constitute actual commitments of the Company to investors because of the existing uncertainty. Investors are advised to pay attention to the investment risks involved.

- VII. **During the reporting period, the Company did not have any non-operational funds appropriated by controlling shareholders and their connected parties.**
- VIII. **During the reporting period, the Company did not provide external guarantees in violation of stipulated decision-making procedures.**
- IX. **During the reporting period, there was no circumstance where more than half of the Directors of the Company could not warrant the truthfulness, accuracy and completeness of the annual report disclosed.**

### X. **Major Risk Notice**

The major risks faced by the Company include policy risks, risks of fluctuation in macroeconomy, risks of industry competition, risks of increasing capital demands, safety risks, risks of rising costs, risks of coal mine overall entrusted management and exchange rate risks. Relevant risks and countermeasures have been described in details in Item VI "DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT" under Section III "DIRECTORS' REPORT" in this report for your review.

- XI. **Unless otherwise stated, the data is presented in Renminbi in this report.**



## CONTENTS

SECTION I	DEFINITIONS	2
SECTION II	CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS	4
SECTION III	DIRECTORS' REPORT	14
SECTION IV	REPORT OF THE SUPERVISORY COMMITTEE	59
SECTION V	CORPORATE GOVERNANCE	65
SECTION VI	DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES	87
SECTION VII	ENVIRONMENTAL AND SOCIAL RESPONSIBILITY	108
SECTION VIII	SIGNIFICANT EVENTS	119
SECTION IX	CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS	145
SECTION X	RELEVANT INFORMATION ON BOND	155
SECTION XI	FINANCIAL REPORT	161





## DEFINITIONS

### I. DEFINITIONS

Unless otherwise stated, the following terms shall have the following meanings in this report:

#### Definitions of frequently-used terms

Company or the Company	Inner Mongolia Yitai Coal Co., Ltd.* (內蒙古伊泰煤炭股份有限公司)
Yitai Investment	Inner Mongolia Yitai Investment Co., Ltd. (內蒙古伊泰投資股份有限公司)
Yitai Group	Inner Mongolia Yitai Group Co., Ltd. (內蒙古伊泰集團有限公司)
Yitai (Group) HK	Yitai (Group) Hong Kong Co., Ltd. (伊泰(集團)香港有限公司)
Yitai Share HK	Yitai Share (Hong Kong) Co., Ltd. (伊泰(股份)香港有限公司)
Suancigou Mine	Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)
Talahao Mine	Inner Mongolia Yitai Coal Co., Ltd. Talahao Mine (內蒙古伊泰煤炭股份有限公司塔拉壕煤礦)
Baoshan Mine	Inner Mongolia Yitai Baoshan Coal Co., Ltd. (內蒙古伊泰寶山煤炭有限責任公司)
Dadijing Mine	Inner Mongolia Yitai Dadi Coal Co., Ltd. (內蒙古伊泰大地煤炭有限公司)
Nalinmiao Mine No. 1	Inner Mongolia Yitai Coal Co., Ltd. Nalinmiao Mine No. 1 (內蒙古伊泰煤炭股份有限公司納林廟煤礦一號井)
Nalinmiao Mine No. 2	Inner Mongolia Yitai Coal Co., Ltd. Nalinmiao Mine No. 2 (內蒙古伊泰煤炭股份有限公司納林廟煤礦二號井)
Hongjingta Mine No. 1	Inner Mongolia Yitai Coal Co., Ltd. Hongjingta Mine No. 1 (內蒙古伊泰煤炭股份有限公司宏景塔一礦)
Kaida Mine	Inner Mongolia Yitai Coal Co., Ltd. Kaida Mine (內蒙古伊泰煤炭股份有限公司凱達煤礦)
Baijialiang Mine	Inner Mongolia Yitai Baijialiang Coal Co., Ltd. (內蒙古伊泰白家梁煤炭有限公司)

## DEFINITIONS (Continued)

### I. DEFINITIONS (Continued)

#### Definitions of frequently-used terms (Continued)

Yili Mining	Yitai Yili Mining Co., Ltd. (伊泰伊犁礦業有限公司)
Huzhun Railway Company	Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)
Yitai Chemical	Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)
Coal-to-oil Company	Inner Mongolia Yitai Coal-to-oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)
Yili Energy	Yitai Yili Energy Co., Ltd. (伊泰伊犁能源有限公司)
Xinjiang Energy	Yitai Xinjiang Energy Co., Ltd. (伊泰新疆能源有限公司)
Yitai Petrochemical	Inner Mongolia Yitai Petrochemical Co., Ltd. (內蒙古伊泰石油化工有限公司)
Yitai Ningneng	Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. (內蒙古伊泰寧能精細化工有限公司)
Jingtai Power Generation	Inner Mongolia Jingtai Power Generation Co., Ltd. (內蒙古京泰發電有限責任公司)
Galutu Mining	Inner Mongolia Yitai Galutu Mining Co., Ltd. (內蒙古伊泰嘎魯圖礦業有限公司)
Yitai Finance	Inner Mongolia Yitai Finance Co., Ltd. (內蒙古伊泰財務有限公司)
Guanglian Coal Chemical	Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤化有限責任公司)



## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS

### I. CORPORATE INFORMATION

Chinese name of the Company	內蒙古伊泰煤炭股份有限公司
Chinese abbreviation	伊泰B股/伊泰煤炭
English name of the Company	INNER MONGOLIA YITAI COAL CO., LTD.
English abbreviation	IMYCC/Yitai Coal
Legal representative	Zhang Jingquan
Members of the Board	<i>Executive Directors</i> Zhang Jingquan ( <i>Chairman</i> ) Liu Chunlin Li Juncheng (appointed on 27 March 2023) Yang Jialin (appointed on 27 March 2023) Zhao Like Bian Zhibao (appointed on 27 March 2023) Ge Yaoyong (resigned on 10 March 2023) Zhang Dongsheng (resigned on 10 March 2023) Liu Jian (resigned on 10 March 2023) Lv Junjie (resigned on 13 December 2022)  <i>Independent non-executive Directors</i> Wong Hin Wing Du Yingfen E Erdun Tao Ketao Huang Sujian (resigned on 29 November 2022)
Members of the Strategy Committee	Zhang Jingquan ( <i>Chairman</i> ) Liu Chunlin Li Juncheng (appointed on 27 March 2023) Yang Jialin (appointed on 27 March 2023) Zhao Like Bian Zhibao (appointed on 27 March 2023) Wong Hin Wing Du Yingfen E Erdun Tao Ketao Ge Yaoyong (resigned on 10 March 2023) Zhang Dongsheng (resigned on 10 March 2023) Liu Jian (resigned on 10 March 2023) Lv Junjie (resigned on 13 December 2022) Huang Sujian (resigned on 29 November 2022)
Members of the Audit Committee	Du Yingfen ( <i>Chairman</i> ) Wong Hin Wing E Erdun Tao Ketao Huang Sujian (resigned on 29 November 2022)

# CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS

(Continued)

## I. CORPORATE INFORMATION (Continued)

Members of the Nomination Committee	E Erdun Tao Ketao ( <i>Chairman</i> ) Zhang Jingquan Liu Chunlin Wong Hin Wing Du Yingfen Liu Jian (resigned on 10 March 2023) Huang Sujian (resigned on 29 November 2022)
Members of the Remuneration and Appraisal Committee	E Erdun Tao Ketao ( <i>Chairman</i> , appointed on 10 March 2023) Zhang Jingquan Liu Chunlin Wong Hin Wing Du Yingfen Huang Sujian ( <i>Chairman</i> , resigned on 29 November 2022) Liu Jian (resigned on 10 March 2023)
Members of the Production Committee	Zhang Jingquan ( <i>Chairman</i> ) Yang Jialin (appointed on 27 March 2023) Zhao Like (appointed on 10 March 2023) Du Yingfen Ge Yaoyong (resigned on 10 March 2023) Liu Jian (resigned on 10 March 2023) Huang Sujian (resigned on 29 November 2022)
Members of the Supervisory Committee	Zhang Wei ( <i>Chairman</i> ) Liu Xianghua Jia Zheyu Chen Rong Wang Yongliang Wu Qu
Authorized Representatives	Liu Chunlin He Peixun
Alternative Authorized Representatives	Wong Wai Chiu
Joint Company Secretaries	He Peixun Wong Wai Chiu



## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### II. CONTACT PERSONS AND CONTACT METHODS

	<b>Board Secretary</b>	<b>Securities Affairs Representative</b>
<b>Name</b>	He Peixun	Li Yuejia
<b>Address</b>	Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia	Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia
<b>Telephone</b>	0477-8565732	0477-8565729
<b>Facsimile</b>	0477-8565415	0477-8565415
<b>E-mail</b>	hepeixun@ir-yitaicoal.com	liyuejia@ir-yitaicoal.com

### III. BASIC INFORMATION OF THE COMPANY

Registered address	North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia
Office address	Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia
Postal code of the office address	017000
Principal place of business in Hong Kong	40/F, Dah Sing Financial Centre Tower, No. 248 Queen's Road East, Wan Chai, Hong Kong
Website	<a href="http://www.yitaicoal.com">http://www.yitaicoal.com</a>
E-mail	ir@yitaicoal.com



## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Media and its website on which the annual report of the Company is published	Shanghai Securities News
Website of the stock exchange where the annual report of the Company is published	Website for publishing the B share annual report: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>  Website for publishing the H share annual report: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Place for inspection of the Company's annual report	Capital Operation and Compliance Management Department of the Company and principal place of business in Hong Kong

### V. BASIC INFORMATION ON THE COMPANY'S SHARES

Basic information on the Company's shares				
Class of shares	Stock exchange where shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
B shares	Shanghai Stock Exchange	Yitai B Share	900948	Yitai B Share
H shares	Hong Kong Stock Exchange	Yitai Coal	03948	/



## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### VI. OTHER RELEVANT INFORMATION

		B share/Domestic	H share/Overseas
Auditor	Name	Da Hua Certified Public Accountants (Special General Partnership)	Da Hua Certified Public Accountants (Special General Partnership)
	Address	Room 1101, Building No. 7, Block No. 16, Xi Si Huan Zhong Road (西四環中路), Haidian District, Beijing	Room 1101, Building No. 7, Block No. 16, Xi Si Huan Zhong Road (西四環中路), Haidian District, Beijing
Legal Advisor	Name	Global Law Office	Clifford Chance
	Address	15/F & 20/F, Tower 1, China Central Place, No. 81, Jianguo Road, Chaoyang District, Beijing	28th Floor, Jardine House, One Connaught Place, Central, Hong Kong
Share Registrar	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch	Computershare Hong Kong Investor Services Limited
	Address	36th Floor, China Insurance Building, 166 Lujiazui Road East, Pudong New Area, Shanghai	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS IN RECENT THREE YEARS

#### (I) Key Business Data

Unit: million tonnes Currency: RMB

Major Accounting Data	2022	2021	Increase/ decrease (%)
Coal production	<b>48.31</b>	43.21	11.80
Coal sales volume	<b>66.00</b>	62.91	4.91
Of which: Local sales at mines	<b>11.42</b>	11.73	-2.64
Local sales at loading facilities	<b>10.65</b>	7.27	46.49
Sales via direct rail access	<b>0.26</b>	0.75	-65.33
Sales at ports	<b>43.68</b>	43.16	1.20
Railway transport volume:	<b>90.53</b>	87.56	3.39
Coal-related chemical production	<b>1.40</b>	1.39	0.46

## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS IN RECENT THREE YEARS (Continued)

#### (II) Major Accounting Data

Unit: yuan    Currency: RMB

Major Accounting Data	2022	2021	Increase or decrease as compared with the same period of last year (%)	2020
Revenue	<b>60,646,668,649.47</b>	50,675,643,199.43	19.68	33,790,579,585.88
Net profit attributable to shareholders of the listed company	<b>10,975,354,792.47</b>	8,643,452,999.77	26.98	-657,055,254.05
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	<b>11,166,295,437.78</b>	8,810,226,765.50	26.74	-1,010,423,325.19
Net cash flow from operating activities	<b>22,164,281,187.02</b>	17,752,125,054.12	24.85	6,740,053,234.49

	At the end of 2022	At the end of 2021	Increase or decrease as compared with the end of the same period of last year (%)	At the end of 2020
Net assets attributable to shareholders of the listed company	<b>49,579,782,507.33</b>	40,867,521,573.06	21.32	33,061,024,912.46
Total assets	<b>91,217,132,606.77</b>	92,487,918,164.09	-1.37	85,559,604,037.31



## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS IN RECENT THREE YEARS (Continued)

#### (III) Major Financial Indicators

Major Financial Indicators	2022	2021	Increase or decrease as compared with the same period of last year (%)	2020
Basic earnings per share (yuan/share)	<b>3.37</b>	2.66	26.69	-0.20
Basic earnings per share after deduction of non-recurring profit or loss (yuan/share)	<b>3.43</b>	2.71	26.57	-0.31
Weighted average return on net assets (%)	<b>24.26</b>	22.93	1.33	-1.87
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	<b>24.68</b>	23.37	1.31	-2.88

### VIII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

#### (I) Differences between net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

Not applicable

## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### VIII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS (Continued)

**(II) Differences between net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards**

Not applicable

**(III) Explanation of differences between domestic and overseas accounting standards:**

Not applicable

### IX. MAJOR FINANCIAL DATA IN 2022 BY QUARTERS

*Unit: yuan Currency: RMB*

	First quarter (January-March)	Second quarter (April-June)	Third quarter (July-September)	Fourth quarter (October-December)
Operating revenue	14,912,181,689.46	16,141,521,965.98	14,714,975,730.53	14,877,989,263.50
Net profit attributable to shareholders of the listed company	3,284,058,508.21	3,764,429,179.75	3,398,417,416.31	528,449,688.20
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	3,269,268,815.47	3,666,278,542.06	3,433,608,195.45	797,139,884.80
Net cash flow from operating activities	2,549,457,096.57	9,170,110,273.46	4,428,666,735.81	6,016,047,081.18



## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: yuan Currency: RMB

Non-recurring profit or loss item	Amount for 2022	Amount for 2021	Amount for 2020
Gains and losses from disposal of non-current assets	<b>-419,318,443.98</b>	-109,152,169.94	-3,520,939.85
Government grants charged in the profit or loss for the current period (except for those closely related to the ordinary operations of the Company and gained constantly at a fixed amount or quantity according to certain standard based on state policies)	<b>266,984,014.92</b>	75,222,267.40	83,921,661.90
Gains representing the difference between investment costs for acquisition of subsidiaries, associates and joint ventures and the shares of the fair value of identifiable net assets of investee		2,842,370.86	
Profit or loss from investment or management of assets by others	<b>12,628,570.77</b>	98,675,416.96	21,993,880.61
Gains and losses from changes in fair value of financial assets available-for-trading, derivative financial assets, financial liabilities available-for-trading, derivative financial liabilities, and investment income from disposal of financial assets available-for-trading, derivative financial assets, financial liabilities available-for-trading, derivative financial liabilities and other debt investments, except for effective hedging business related to ordinary operations of the Company	<b>124,208,359.66</b>	-60,048,755.35	330,418,861.34
Reversal of the provisions for impairment of receivables and contract assets subject to impairment test separately	<b>1,346,847.48</b>	441,389.87	366,003.00
One-off adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting		-215,245,294.98	
Other non-operating income and expenses other than the above-mentioned items	<b>-233,799,813.41</b>	-94,890,911.81	-67,435,726.70
Less: Effect on income tax	<b>-92,160,637.11</b>	-28,577,329.24	8,703,674.47
Effect on non-controlling interests (deducting tax)	<b>35,150,817.86</b>	-106,804,592.02	3,671,994.69
Total	<b>-190,940,645.31</b>	-166,773,765.73	353,368,071.14

## CORPORATE PROFILE AND MAJOR FINANCIAL INDICATORS (Continued)

### XI. ITEMS MEASURED AT FAIR VALUE

Unit: yuan    Currency: RMB

Item	Opening balance	Closing balance	Change for the period	Amount of effect on the profit for the period
Financial assets	9,574,402,476.00	11,264,718,431.15	1,690,315,955.15	281,253,780.92
Total	<u>9,574,402,476.00</u>	<u>11,264,718,431.15</u>	<u>1,690,315,955.15</u>	<u>281,253,780.92</u>

### XII. FIVE-YEAR FINANCIAL SUMMARY

Unit: '000 yuan    Currency: RMB

	2018	2019	2020	2021	2022
<b>Revenue and profit</b>					
Operating revenue	39,184,621	40,929,039	33,790,580	50,675,643	60,646,669
Operating cost	27,274,747	28,556,238	26,300,639	31,827,244	36,320,151
Profit from operations	11,909,874	12,372,801	352,140	12,929,225	15,892,858
Profit before tax	6,360,380	6,053,824	277,953	12,671,566	15,299,780
Profit for the year	5,171,916	4,807,133	-545,900	9,874,426	12,325,584
Profit attributable to					
the owners of the Company	4,136,196	3,789,313	-657,055	8,643,453	10,975,355
Earnings per share – basic (RMB/share)	1.27	1.16	-0.20	2.66	3.37
<b>Assets and liabilities</b>					
Current assets	23,573,050	22,749,883	16,618,024	24,356,415	27,835,200
Non-current assets	70,989,259	71,668,587	68,941,580	68,131,504	63,381,933
Current liabilities	18,961,326	15,586,005	14,820,858	17,999,213	15,753,132
Non-current liabilities	33,049,132	34,004,455	27,625,110	24,817,337	17,084,713
Equity	42,551,851	44,828,010	43,113,637	49,671,369	58,379,288



## DIRECTORS' REPORT

### I. DISCUSSION AND ANALYSIS ON THE OPERATIONS

In 2022, in light of the complicated situations at home and abroad as well as various risks and challenges and based on the designated goal, the Company coordinated safety production and environment protection, persisted in seeking for progress while maintaining stability, accelerating low-carbon transformation, optimizing industrial structure and further deepening management and reform and pursued innovation-driven development, the corporate governance level has been further improved and all industries were moving towards high-quality development.

As of the end of the reporting period, the Company recorded total asset of RMB91.217 billion, revenue of RMB60.647 billion throughout the year and net profit attributable to owners of the parent company of RMB10.975 billion throughout the year. During the year, the Company produced commodity coal of 48.3053 million tonnes and sold 66.0005 million tonnes of coals. In terms of railway sector, the Company delivered 90.5316 million tonnes of coal in total. In terms of coal-to-chemical sector, the Company produced oil products and chemicals of 1.4006 million tonnes in total, and sold 1.4561 million tonnes of oil products and chemicals.

In terms of coal production, during the reporting period, as the strong demand in the PRC coal market and the rising trend of coal price, the Company, under the requirements of national and competent local energy departments, scientifically organized production and optimized allocation and management to maintain advanced capacity and ensure supply of the coal market, and successfully ensured supply. Meanwhile, the green mines and intelligent mines construction was orderly advanced, Suancigou Mine, Dadijing Mine and Baoshan Mine have obtained national-level green mine re-certification, and Talahao Mine, Kaida Mine and Hongjingta Mine No. 1 have obtained autonomous region-level green mine certification for the first time.

In terms of coal delivery and sales, during the reporting period, the Company strictly implemented national and local policies on supply assurance and price stabilising, and prioritised the performance of contracts in key areas and major long-term agreements and successfully accomplished the supply assurance task. The optimization of the sales structure of both power and non-power customers not only satisfied the relevant national requirements for long-term contract performance, but also complied with the strategic development need of the Company, while stabilising the long-term cooperation with quality customers and ensuring the revenue from coal sales of the Company.

In terms of rail transportation, during the reporting period, the Company has taken a series of measures to improve freight capacity by giving its strength of connecting dedicated evacuation lines to mining and park areas into full play with a focus on arranging for coal mine delivery along the lines. In addition, by improving routes and equipment quality and inspection quality, the loading time was reduced, and scientific and reasonable dispatch plan was formulated to improve work efficiency, which ensured safety delivery and improved transportation efficiency.





## DIRECTORS' REPORT (Continued)

### I. DISCUSSION AND ANALYSIS ON THE OPERATIONS (Continued)

The coal-to-chemical sector was operated at full capacity in a safe and stable manner for a long term during the reporting period. The Company planned industrial transformation and upgrading and cost reduction and efficiency enhancement as a whole, recorded rapid growth in profitability and achieved the good benefits. Focusing on strategic transformation, the Company has carried out exchanges and cooperation and scientific experiments with over ten domestic professional scientific research institutions and institutes in the industry, actively promoting product transformation research. The Company conducted market survey on such products as PVA,  $\alpha$ -olefins, coal-to-natural gas, polyolefins, methanol, ethanol, acetic acid, which formed numerous survey reports and provided scientific basis for the industrial structure adjustment decision-making of the Company. Dalu coal-to-oil transformation project and chain extension and supply chain strengthening of Yitai Chemical's 1.2 million tonnes project were launched and progressed in an orderly manner; the thousand-tonne level  $\alpha$ -olefins and thousand-tonne level alkyl benzene projects entered the pilot stage, and the 10,000-tonne level oxide wax project successfully realized interim delivery.

In terms of safety and environmental protection, during the reporting period, the safety responsibility interface of all levels of the Company was clearer, the operation quality of the dual prevention mechanism system continued to improve, the three-year special rectification action for production safety has achieved the expected results and all specific measures under the "15 Hard Measures" for safe production have been effectively implemented. 185 safety inspections were implemented throughout the year, and capacity in major risk control was further enhanced. The Company developed and implemented the "Scheme for Major Risks or Major Hazard Source Control" to procure precise identification of major safety risks of all units. By enhancing team building, ensuring governance capital investment and equipping with necessary safety measures, disaster prevention, treatment and relief capabilities were effectively improved. Suancigou Mine, Talahao Mine, Dadijing Mine, Baoshan Mine, Hongjingta Mine No. 1 and Kaida Mine were named "2020-2021 Special Safe and Efficient Mine in Coal Industry" by China National Coal Association. The death rate of per million tonnes coal production was zero throughout the year, without risky or major travel liability accident in rail operation or major personnel injuries or large-scale equipment damage incidents in coal-to-chemical sector. Besides, upholding the environment and energy policy of "hundred-year Yitai, green energy, energy saving, efficiency increasing and sustainable development", the Company actively performed the region's requirements for dual energy consumption control, prepared "Energy Conservation Management Measures" and "Evaluation Rules for Management of Energy Conservation Target (Trail)", and improved the construction of energy management system. The Company completed 7 technical transformation projects regarding energy conservation throughout the year, disposed and recovered 2,348 tonnes of sewage and disposed 10,327 tonnes of various hazard wastes in compliance with laws. It accelerated the environment review and approval on designed coal mine capacity and obtained approval documents for the environmental impact report (form) of the hazard control project of Talahao Mine, Kaida Mine, Baoshan Mine reconstruction and expansion project and old goaf of Hongjingta Mine No. 1, which provided support for the release of the Company's high-quality coal production capacity.

In terms of social responsibility, the Company initially established the social responsibility performance management system under the guidance of the party construction and made great efforts in numerous aspects such as rural revitalization and supporting educational cause and donated RMB230 million throughout the year.



## DIRECTORS' REPORT (Continued)

### II. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

Internationally, the international energy was in shortage as a whole due to the impact of Indonesia's export ban and Russia-Ukraine conflict in 2022. According to the data from National Bureau of Statistics, the coal import volume decreased by about 9.2% over that in last year. The supply and demand in seaborne coal market was tight.

Domestically, benefiting from the gradual release of additional capacity during the supply assurance period, national raw coal increased significantly on a year-on-year basis. According to data from National Bureau of Statistics, raw coal production amounted to 4.5 billion tonnes throughout 2022, representing a year-on-year increase of 9%. The coal demand of the downstream steel and building materials industries has decreased, however, as the significant increase in power plant inventory and national coal reserve construction, which increased hidden social inventory, coal supply and demand were still in a tight balance, and the premium of non-electric coal was obvious.

In terms of crude oil, against the backdrop of energy shortage, international oil price showed a roller coaster curve in 2022, and rose sharply between December 2021 and the beginning of March 2022 to the highest point since 2008 and subsequently experienced an adjustment at the high point. Since mid-June, oil price dropped amid drastic fluctuation. With more efforts in "Opec+" price stabilising as well as the announcement of the U.S. 50 million barrels of strategic crude oil reserve release plan, international oil price showed a trend of wide range fluctuation.

### III. BUSINESS THE COMPANY OPERATED DURING THE REPORTING PERIOD

The Company is a large-scale clean energy enterprise integrating railway and coal-related chemical industry with coal production, transportation and sales as the basis.

The Company directly owns and controls 10 coal mines in total. As a major product of the Company at present, environment-friendly and quality thermal coal mainly serves as fuel coal of enterprises in downstream thermal power, metallurgy, construction materials, chemical and other industries. The Company conducted business in North China, East China, South China, Central China, Northeast China, Northwest China and other regions and has established stable, long-term, friendly, mutually beneficial strategic partnership with many thermal power, metallurgy, construction materials and chemical products users, which formed strong brand benefit.

At present, the Company generally controls three railways in operation, namely the Zhundong Railway, Huzhun Railway and a special railway line for Suancigou Mine. At the same time, the Company also holds 15% equity interests in Xin Baoshen Railway, 12.36% equity interests in Zhunshuo Railway, 9% equity interests in Mengji Railway, 3.9226% equity interests in the South Ordos Railway and 2% equity interests in Haoji Railway, respectively. In addition, the Company has built the mine roads of 150 km covering its surrounding mines, with Caoyang Road as its main line in the quality-coal-rich Nalinmiao Area. Over the years, the Company has continuously increased investment in technologies and equipment for railway management, therefore, its coal transport capacity was constantly enhanced, and transport networks covering the Company's main mining areas continued to be improved, which created predominant conditions for coal transport of the Company and the peripheral area.

### III. BUSINESS THE COMPANY OPERATED DURING THE REPORTING PERIOD (Continued)

The Company was committed to developing clean coal technologies, increasing added value of its products, extending coal industry chain, and speeding up industrial transformation and upgrade to deploy large coal-to-chemical projects in Inner Mongolia and Xinjiang area by relying on world-leading indirect coal liquefaction technology. The major products of the 160,000 tonnes/year coal-to-oil demonstration project of the Coal-to-oil Company that was completed and in operation include but are not limited to Fischer-Tropsch refined wax, 1# Fischer-Tropsch crude liquid wax, normal stable light hydrocarbons, normal Fischer-Tropsch soft wax, liquefied gas, and the major products of the 1.2 million tonnes/year fine chemicals project of Yitai Chemical include but are not limited to 2# Fischer-Tropsch crude liquid wax, 1# Fischer-Tropsch crude liquid wax, normal stable light hydrocarbon and Fischer-Tropsch refined wax.

### IV. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

As the largest local coal enterprise in Inner Mongolia, the Company has an overall competitive advantage over its peers as its scale, development quality and efficiency, industrial structure and financial strength have been enhancing during over 25 years of development. The Company has abundant coal reserves, superior mining conditions, modern mining technology and sustained opportunities for integration of internal and external resources. Meanwhile, the Company has always adhered to the policy of integrated management of production, transportation and sales, and created new source of profit in railway and coal-to-chemicals segments, which is conducive to the long-term and stable development of the Company.

Firstly, as the Company's coal products are typical "environmental-friendly" and high-quality thermal coal that have the advantages of medium to high calorific value, medium to low ash content, ultra-low sulphur content, ultra-low phosphorous content, and low moisture content, they are the best type of coal among the large-scale coalfield development in China with strong market competitiveness.

Secondly, the Company has leading advantages in low-cost mining in the industry, and the major mining areas are characterized by stable ground conditions, simple geological structures, relatively thick flat-lying coal seams located at relatively shallow depths, and low methane gas concentration levels, which greatly reduced safety hazards in its mining operations, and lowered coal production costs.

Thirdly, the Company is in an advantageous position in railway transportation and has currently formed a railway transportation network, connecting Dazhun, Daqin Lines to the east, Dongwu Line to the west, Jingbao Line to the north, Shenshuo Line to the south, which centers on Jungar, Dongsheng Coalfield and spread hereof. Furthermore, several large-scale coal dispatched stations, coal storage yards and transfer stations were established so as to be in favor of controlling transportation costs and promoting the transportation efficiency for the storage and transportation of the Company's coal.

Fourthly, the Company actively expanded the coal-to-chemicals operation relying on its world-leading indirect coal-to-oil liquefaction technologies, which could extend the Company's coal industrial chain, achieve industrial transformation and upgrading, and enhance its core competitiveness and consolidate its position in the industry.

Fifthly, the Company always adhered to fulfilling responsibilities to all shareholders, localities and society while strengthening and expanding its business. It maintained an excellent dividend distribution and tax paying record for many years, and actively participated in local environmental governance and ecological improvement, which undoubtedly contributed to the harmonious development of the Company and the society.



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

#### (I) Analysis on the Principal Business

##### 1. Analysis on changes in items of the income statement and cash flow statement

Unit: yuan Currency: RMB

Item	Amount for the reporting period	Amount for the same period of last year	Change (%)
Operating revenue	<b>60,646,668,649.47</b>	50,675,643,199.43	19.68
Operating costs	<b>36,320,150,590.89</b>	31,827,244,234.38	14.12
Cost of sales	<b>273,223,059.27</b>	204,676,592.69	33.49
Administrative expenses	<b>1,691,359,720.40</b>	1,464,328,036.03	15.50
Finance costs	<b>940,988,312.27</b>	1,569,063,419.24	-40.03
Research and development costs	<b>480,623,451.68</b>	283,895,819.69	69.30
Net cash flow from operating activities	<b>22,164,281,187.02</b>	17,752,125,054.12	24.85
Net cash flow from investing activities	<b>-943,535,590.77</b>	-1,244,983,402.79	-24.21
Net cash flow from financing activities	<b>-16,963,386,602.10</b>	-10,725,704,824.48	58.16

The change in operating revenue was mainly due to the increase in the operating revenue from coal and chemicals.

The change in operating costs was mainly due to the increase in the operating costs of coal and chemicals.

The change in cost of sales was mainly due to the increase in employee remuneration in current period.

The change in administrative expenses was mainly due to the increase in employee remuneration in current period.

The change in finance costs was mainly due to the decrease in borrowings in current period.

The change in research and development costs was mainly due to the increase in employee remuneration and materials consumption in current period.

The change in net cash flow from operating activities was mainly due to the increase in the sales prices of coal and recovery of payment for goods in current period.

The change in net cash flow from investing activities was mainly due to the increase in investment income and recovery of futures deposits in the current period.

The change in net cash flow from financing activities was mainly due to the increase in repayment of borrowings in the current period.

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 2. Analysis on Revenue and Cost

###### (1) Principal business by segment

Unit: '0,000 yuan Currency: RMB

Principal business by segment						
By segment	Operating revenue	Operating costs	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating costs (%)	Year-on-year change in gross profit margin (%)
Coal operation	4,937,250.19	2,771,772.36	43.86	16.98	15.21	Increase by 0.86 percentage points
Transportation business	49,127.48	31,360.10	36.17	-16.82	-13.95	Decrease by 2.13 percentage points
Coal-related chemical operation	991,175.68	753,920.86	23.94	43.63	13.66	Increase by 20.06 percentage points
Others	1,888.36	919.85	51.29	-63.28	-82.45	Increase by 53.22 percentage points
<b>Total</b>	<b>5,979,441.71</b>	<b>3,557,973.17</b>	<b>40.50</b>	<b>20.20</b>	<b>14.37</b>	<b>Increase by 3.03 percentage points</b>

###### (2) Principal business by region

Unit: '0,000 yuan Currency: RMB

Region	Operating revenue	Increase/decrease in operating revenue compared to last year (%)
North China	1,448,129.72	-0.11
East China	3,063,939.51	24.26
South China	740,381.80	23.82
Northeast China	56,415.89	0.62
Central China	123,752.44	37.81
Northwest China	533,288.07	74.93
Southwest China	13,534.28	26.59
<b>Total</b>	<b>5,979,441.71</b>	<b>20.20</b>



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 2. Analysis on Revenue and Cost (Continued)

###### (3) Synergies between each business segment

	2022		2021	
	<b>Sales volume</b>		Sales volume	
Coal operation	('0,000 tonnes)	<b>Percentage</b>	('0,000 tonnes)	Percentage
Sales to external customers	6,600	96.65%	6,291	97.93%
Sales to internal coal-related chemical operation	229	3.35%	133	2.07%
	<b>Transportation volume</b>		Transportation volume	
Railway operation	('0,000 tonnes)	<b>Percentage</b>	('0,000 tonnes)	Percentage
Internal transportation service	5,894	65.11%	5,234	59.77%
Transportation service to third parties	3,159	34.89%	3,522	40.23%
	<b>Purchase volume</b>		Purchase volume	
Coal-related chemical operation	('0,000 tonnes)	<b>Percentage</b>	('0,000 tonnes)	Percentage
Internal purchase	229	32.44%	133	19.58%
External purchase	477	67.56%	545	80.42%

###### (4) Analysis on production and sales volume

Principal products	Unit	Production volume	Sales volume	Inventory	Increase/decrease in production volume compared to last year (%)	Increase/decrease in sales volume compared to last year (%)	Increase/decrease in inventory compared to last year (%)
Thermal coal	'0,000 tonnes	4,830.53	6,600.05	62.40	11.80	4.91	-42.63
Coal-related chemical products	'0,000 tonnes	140.06	145.61	5.76	0.46	1.85	-20.77

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 2. Analysis on Revenue and Cost (Continued)

###### (5) Performance of material purchase contracts and material sales contracts

Not applicable

###### (6) Table on cost analysis

Unit: '0,000 yuan Currency: RMB

By segments	Amount for the reporting period	Percentage of costs for the reporting period to total costs (%)	By segments		Changes in the amount for the reporting period as compared with the corresponding period of last year (%)
			Amount for corresponding period of last year	Percentage of costs in last period to total costs (%)	
Coal business	2,771,772.36	77.90	2,405,804.44	77.34	15.21
Transportation business	31,360.10	0.88	36,444.52	1.17	-13.95
Coal-related chemical operation	753,920.86	21.19	663,323.62	21.32	13.66
Others	919.85	0.03	5,242.50	0.17	-82.45
<b>Total</b>	<b>3,557,973.17</b>	<b>100.00</b>	<b>3,110,815.08</b>	<b>100.00</b>	<b>14.37</b>



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 2. Analysis on Revenue and Cost (Continued)

(7) Changes in the scope of combination due to changes in shareholding of major subsidiaries during the reporting period

Please refer to "VI. Change in the Scope of Combination – (V) Other reasons for change in the scope of combination" under SECTION XI FINANCIAL REPORT for details.

(8) Significant changes or adjustments in the business, products or services of the Company during the reporting period

Not applicable

(9) Information on major sales customers and major suppliers

##### A. Information on the Company's major sales customers

The sales to the top five customers amounted to RMB11,286.1588 million, representing 18.61% of the total annual sales; among the sales of the top five customers, sales to related parties amounted to RMB0.

Unit: yuan Currency: RMB

No.	Customer	Sales amount	Proportion to total annual sales (%)
1	The largest	3,758,444,691.13	6.20
2	The second largest	2,213,075,609.79	3.65
3	The third largest	1,871,906,179.33	3.09
4	The fourth largest	1,771,427,320.27	2.92
5	The fifth largest	1,671,304,957.55	2.75
Total		<u>11,286,158,758.07</u>	<u>18.61</u>



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 2. Analysis on Revenue and Cost (Continued)

##### (9) Information on major sales customers and major suppliers (Continued)

##### B. Information on major suppliers of the Company

The purchases from the top five suppliers amounted to RMB10,201.0884 million, representing 66.54% of the total annual purchases. Among the purchases from the top five suppliers, purchases from related parties amounted to RMB6,734.9461 million, representing 43.93% of the total annual purchases, being the largest supplier.

Unit: yuan Currency: RMB

No.	Supplier	Purchase amount	Percentage to total annual purchases (%)
1	The largest	6,734,946,096.69	43.93
2	The second largest	1,848,142,455.88	12.06
3	The third largest	591,282,392.95	3.86
4	The fourth largest	514,124,829.12	3.35
5	The fifth largest	512,592,589.15	3.34
	Total	10,201,088,363.79	66.54

Yitai Group, as the controlling shareholder of the largest supplier, save as Yitai Group, to the knowledge of directors, no directors or their close associates or shareholders of the Company, who, to the knowledge of directors, hold 5% or more issued share capital of the Company, has any interest in top five suppliers or top 5 customers of the Company during the reporting period.

##### 3. Expenses

Items	Amount in current period (yuan)	Amount in previous period (yuan)	Changes (%)
Cost of sales	273,223,059.27	204,676,592.69	33.49
Administrative expenses	1,691,359,720.40	1,464,328,036.03	15.50
Finance costs	940,988,312.27	1,569,063,419.24	-40.03
Research and development costs	480,623,451.68	283,895,819.69	69.30



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 4. Research and Development ("R&D") Investment

###### (1) Table on R&D investment

Unit: yuan

Expensed R&D investment in the period	480,623,451.68
Total R&D investment	480,623,451.68
Percentage of total R&D investment over operating revenue (%)	0.79

###### (2) Information on R&D staff

Unit: Person

Number of the Company's R&D staff	499
Percentage of the Company's R&D staff to the Company's total number of employees (%)	9.25

###### R&D staff by educational background

Category of educational background	Number
PhD	0
Master postgraduate	9
Undergraduate	174
College	258
High school and below	58

###### R&D staff by age

Age group	Number
Aged 30 (exclusive) below	73
Aged 30 (inclusive) to 40 (exclusive)	309
Aged 40 (inclusive) to 50 (exclusive)	71
Aged 50 (inclusive) to 60 (exclusive)	46
Aged 60 and above	0

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (I) Analysis on the Principal Business (Continued)

##### 5. Cash flow

As at 31 December 2022, the balance of cash and cash equivalents was RMB21,340.3266 million, increased by RMB4,269.4351 million, or 25.01%, as compared with RMB17,070.8915 million in the same period of last year.

Net cash inflow from operating activities for the period was RMB22,164.2812 million, increased by RMB4,412.1561 million, or 24.85%, as compared with RMB17,752.1251 million in the same period of last year.

Net cash outflow from investing activities for the period was RMB943.5356 million, decreased by RMB301.4478 million, or 24.21%, as compared with RMB1,244.9834 million in the same period of last year.

Net cash outflow from financing activities for the period was RMB16,963.3866 million, increased by RMB6,237.6818 million, or 58.16%, as compared with the net outflow of RMB10,725.7048 million in the same period of last year.

#### (II) Explanation on Significant Profit Change Resulted from Non-principal Business

Not applicable

#### (III) Analysis on Assets and Liabilities

##### 1. Information on assets and liabilities

Unit: yuan

Item	Closing balance for the period	Closing balance for the period over the total assets (%)	Closing balance for last period	Closing balance for last period over the total assets (%)	Percentage of change in closing balance for the period compared to last period (%)	Explanation
Cash and bank balance	21,692,911,649.18	23.78	17,435,397,989.24	18.85	24.42	Mainly due to the increase in recovery of payment for goods in the current period

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (III) Analysis on Assets and Liabilities (Continued)

##### 1. Information on assets and liabilities (Continued)

Item	Closing balance for the period	Closing balance for the period over the total assets (%)	Closing balance for last period	Closing balance for last period over the total assets (%)	Percentage of change in closing balance for the period compared to last period (%)	Explanation
Trading financial assets	792,370,547.95	0.87	-	-	100.00	Mainly due to the increase in the purchase of structural deposits in current period
Notes receivable	-	-	9,480,000.00	0.01	-100.00	Mainly due to the decrease in bank acceptance bills from accepting banks with lower credit rating
Accounts receivable	1,051,648,720.21	1.15	2,062,907,211.12	2.23	-49.02	Mainly due to decrease in sales on credit of coal
Financing receivable	100,000.00	0.00	42,309,185.36	0.05	-99.76	Mainly due to the decrease in bank acceptance bills with higher credit rating of acceptance banks
Prepayments	605,903,309.55	0.66	807,294,885.73	0.87	-24.95	Mainly due to the decrease in prepaid freight in the current period
Non-current assets due within one year	188,508,259.96	0.21	-	-	100.00	Mainly due to the increase in goods sold by instalments due within one year
Other current assets	1,142,103,201.66	1.25	1,375,631,949.39	1.49	-16.98	Mainly due to the decrease in input tax to be deducted in the current period
Long-term receivables	389,804,507.36	0.43	-	-	100.00	Mainly due to the increase in goods sold by instalments
Investment property	397,354,999.55	0.44	701,374,773.44	0.76	-43.35	Mainly due to the transfer of houses and buildings from lease to self-use and from investment properties to fixed assets in the current period

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (III) Analysis on Assets and Liabilities (Continued)

##### 1. Information on assets and liabilities (Continued)

Item	Closing balance for the period	Closing balance for the period over the total assets (%)	Closing balance for last period	Closing balance for last period over the total assets (%)	Percentage of change in closing balance for the period compared to last period (%)	Explanation
Construction in progress	6,502,403,984.04	7.13	10,412,594,323.74	11.26	-37.55	Mainly due to the impairment provision of construction in progress made by Yili Energy and the de-registration of Xinjiang Energy in the current period
Short-term borrowings	-	-	30,029,241.65	0.03	-100.00	Mainly due to the increase in repayment of short-term borrowings in the current period
Notes payable	4,341,329,745.36	4.76	1,919,032,313.94	2.07	126.22	Mainly due to the increase in acceptance bills payable at the end of the period
Accounts payable	3,235,900,209.67	3.55	2,192,974,798.18	2.37	47.56	Mainly due to the increase in coal payable
Advances	7,889,896.34	0.01	5,623.52	0.00	140,201.74	Mainly due to the increase in advances from asset disposal in the current period
Contract liabilities	885,584,982.32	0.97	768,311,985.85	0.83	15.26	Mainly due to the increase in advance receipts in the current period



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (III) Analysis on Assets and Liabilities (Continued)

##### 1. Information on assets and liabilities (Continued)

Item	Closing balance for the period	Closing balance for the period over the total assets (%)	Closing balance for last period	Closing balance for last period over the total assets (%)	Percentage of change in closing balance for the period compared to last period (%)	Explanation
Employee benefits payable	720,358,528.17	0.79	367,577,177.80	0.40	95.97	Mainly due to the increase in wages and bonuses payable in the current period
Taxes payable	1,483,093,822.13	1.63	3,822,144,979.80	4.13	-61.20	Mainly due to the decrease in value-added tax, enterprise income tax and resource tax payable in the current period
Other payables	1,777,679,987.45	1.95	2,491,669,969.08	2.69	-28.66	Mainly due to the decrease in dividends payable and equity transfer payments payable in the current period
Non-current liabilities due within one year	3,188,401,822.35	3.50	6,293,553,768.02	6.80	-49.34	Mainly due to the decrease in long-term borrowings due within a year
Long-term borrowings	13,303,307,884.94	14.59	19,319,490,585.86	20.89	-31.14	Mainly due to the decrease in the repayment of long-term borrowings
Bonds payable	305,138,200.63	0.33	2,448,817,239.00	2.65	-87.54	Mainly due to the increase in the bonds repurchased in current period

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (III) Analysis on Assets and Liabilities (Continued)

##### 1. Information on assets and liabilities (Continued)

Item	Closing balance for the period	Closing balance for the period over the total assets (%)	Closing balance for last period	Closing balance for last period over the total assets (%)	Percentage of change in closing balance for the period compared to last period (%)	Explanation
Lease liabilities	865,738.78	0.00	3,954,457.27	0.00	-78.11	Mainly due to the decrease in lease payment in the current period
Long-term payables	991,656,183.47	1.09	751,315,837.42	0.81	31.99	Mainly due to the increase in the purchase of mining rights in installments in the current period
Deferred income	43,997,909.43	0.05	83,226,852.13	0.09	-47.13	Mainly due to the increase in government subsidies transfer into the current profit or loss
Deferred income tax liabilities	1,000,628,316.39	1.10	771,162,351.94	0.83	29.76	Mainly due to the increase in deferred income tax liabilities recognized due to change in fair value in the current period

##### 2. Restrictions on major assets as of the end of the reporting period

Unit: Yuan

Item	Balance	Cause
Monetary fund	352,585,044.81	For the bank acceptance bill deposit, environmental protection deposit and special fund for mine geologic environment governance and frozen bank deposits
Total	<u>352,585,044.81</u>	



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (III) Analysis on Assets and Liabilities (Continued)

##### 3. Accounts and notes receivable

As at 31 December 2022, the net value of the Company's accounts and notes receivable amounted to RMB1,051,648,720.21, representing a decrease of RMB1,020,738,490.91 or 49.25% as compared with RMB2,072,387,211.12 as at 31 December 2021, mainly due to the decrease in credit sales of coal business.

##### 4. Borrowings

As at 31 December 2022, the balance of the Company's borrowings amounted to RMB16,383,493,364.11, representing a decrease of RMB9,130,655,927.63 or 35.79% as compared with RMB25,514,149,291.74 as at 31 December 2021, mainly due to the decrease in repayment of long-term borrowings for the current period.

##### 5. Capital structure of the Company

Unit: yuan Currency: RMB

	31 December 2022	31 December 2021
Interest-bearing borrowings	<b>16,383,493,364.11</b>	25,514,149,291.74
Long-term bonds	<b>314,892,513.13</b>	2,511,233,905.67
Trade and bills payables	<b>7,577,229,955.03</b>	4,112,007,112.12
Financial liabilities included in other payables and accruals	<b>1,194,365,415.45</b>	2,491,669,969.08
Other borrowings	<b>1,365,824,741.27</b>	977,304,952.06
Less: Cash and cash equivalents	<b>21,341,295,275.84</b>	17,070,891,520.47
Net debt	<b>5,494,510,713.15</b>	18,535,473,710.20
Equity attributable to equity holders of parent company	<b>49,579,782,507.33</b>	40,867,521,573.06
Minority interest	<b>8,799,505,196.03</b>	8,803,846,939.87
Total parent's equity and net liabilities	<b>55,074,293,220.48</b>	59,402,995,283.26
Gearing ratio*	<b>9.98%</b>	31.20%

\* The gearing ratio is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank borrowings, long-term bonds, trade and bills payables, financial liabilities at fair value through profit or loss, financial liabilities included in other payables and accruals, less cash and short-term deposits. Capital represents equity attributable to owners of the Company.



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (IV) Analysis on the Operation of the Industry

##### 1. Operating status of coal operation

During the reporting period, the Company orderly pushed forward green ore and intelligent ore construction, Suancangou Mine, Dadijing Mine and Baoshan Mine obtained national green mine re-certification, and Talahao Mine, Kaida Mine and Hongjingta Mine No. 1 obtained autonomous region-level green mine certification for the first time.

During the reporting period, the Company produced commodity coal of 48.3053 million tonnes, representing a year-on-year increase of 11.8%; sold coal of 66.0005 million tonnes, representing a year-on-year increase of 4.91% and completed the total drivage of 109,500 meters, representing a year-on-year increase of 27.92%.

During the reporting period, the Group's capital expenditures related to the development and exploitation of coal mines amounted to approximately RMB1,530.4518 million which was mainly attributable to payment for purchase of electromechanical equipment, payment for mining rights and demolition compensation.

Unit: 100 million yuan Currency: RMB

Type of coal	Production volume (0'000 tonnes)	Sales volume (0'000 tonnes)	Sales revenue	Sales costs	Gross profit
Thermal coal	4,830.53	6,600.05	493.73	277.18	216.55
Total	4,830.53	6,600.05	493.73	277.18	216.55



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (IV) Analysis on the Operation of the Industry (Continued)

##### 2. Coal mine reserve

Main mines	Main categories of coal	Resource reserve (tonnes)	Mineable reserve (tonnes)
Suancigou Mine	Long-flame coal	1,152,100,000	743,220,000
Nalinmiao Coal Mine No. 2	Non-caking coal	57,454,000	55,265,003
Hongjingta Mine No. 1	Non-caking coal	47,691,034	14,706,000
Nalinmiao Coal Mine No. 1	Non-caking coal	11,197,200	11,042,679
Kaida Mine	Non-caking coal	176,858,200	112,857,800
Dadijing Mine	Non-caking coal	56,922,257	28,253,344
Baoshan Mine	Non-caking coal	21,313,100	6,879,600
Baijialiand Mine	Non-caking coal	4,786,300	4,110,000
Talahao Mine	Long-flame coal	816,428,600	485,479,661
Yili Mining	Non-caking coal	2,100,510,000	802,000,000
Total	—	4,445,260,691	2,263,814,087

#### Explanations:

Calculation criteria: Quantity of resources and reserves of the Company as at 31 December 2022 is obtained from the estimated resources filed with the Ministry of Land and Resources and less the used resources year by year based on respective ore reserves in 2022. There have been no major changes in the Company as compared with the assumption disclosed previously. Report criteria or basis for calculating the mineral-grade reserves in this annual report are pursuant to the currently prevailing code standard of China: reserves of corresponding grade are calculated according to the Management Rule of Reserves of Operating Mines (《生產礦井儲量管理辦法》), and Coal and Peat Geology Exploration Regulation (《煤、泥炭地質勘查規範》). The reserves sheet shall be examined and verified by the internal geological experts of the Company.

- (1) Baijialiand Mine is exploited by the combination of underground and open-pit. Its recoverable reserve is the recoverable reserve from the open-pit extraction, covering the residual coal amount in the original room-and-pillar goaf.
- (2) The underground mining of Nalinmiao Mine No. 2 was completed, and the original mine has been converted into disaster control. The retained reserves of Nalinmiao Mine No. 2 are the remaining physical coal geological reserves, and the mineable reserves are those of open-pit mining for disaster control, including the residual coal in the original room-and-pillar goaf.

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (IV) Analysis on the Operation of the Industry (Continued)

##### 2. Coal mine reserve (Continued)

###### Explanations: (Continued)

- (3) Nalinmiao Mine No. 1 has been converted to disaster control. The retained reserves of Nalinmiao Mine No. 1 are the remaining physical coal geological reserves and the mineable reserves are those of open-pit mining for disaster control, including the residual coal in the original room-and-pillar goaf.
- (4) Yili Mining adopts open-pit at first and well-work subsequently for extraction. Its recoverable reserve in the balance sheet is the recoverable reserve from the open-pit extraction. As the preliminary design does not involve in in-well construction, the recoverable reserve of well-works is excluded.

##### 3. Coal mine construction

Yili Mining was established on 13 March 2012 with a registered capital of RMB676 million, and is held as to 90.27% equity interest by the Company. During the reporting period, the environment impact report in respect of the 4.5 million tonnes/year coal project of Yili Mining has obtained the approval of the Ministry of Ecology and Environment. Yili Mining also obtained the mining permit issued by Department of Natural Resources of Xinjiang Uygur Autonomous Region in March 2022. Yili Mining has obtained preliminary approval of its design, the written consent for the use of forest grassland and construction land approval.

##### 4. Coal cost

Unit: yuan Currency: RMB

Item	January to December 2022 Unit cost	January to December 2021 Unit cost
Raw material, fuel and power	16.37	15.61
Labor costs	6.80	6.60
Depreciation and amortization	10.60	11.94
Other production costs	73.18	65.70
Entrustment costs	49.43	49.36
Total unit production cost of coal	156.38	149.21
Unit cost of coal purchased domestically	688.01	544.97



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (IV) Analysis on the Operation of the Industry (Continued)

##### 5. Analysis on factors causing changes in business revenue

Yitai	From January to December 2022		From January to December 2021	
	Quantity (in '0,000 tonnes)	Unit price (yuan/tonne) (tax exclusive)	Quantity (in '0,000 tonnes)	Unit price (yuan/tonne) (tax exclusive)
Local sales at mines	1,141.55	491.42	1,173.36	445.81
Local sales at loading facilities	1,064.81	547.81	726.55	505.55
Sales via direct rail access	25.69	697.88	74.99	671.46
Sales at ports	4,368.01	864.24	4,316.15	759.88
<b>Total</b>	<b>6,600.05</b>	<b>748.06</b>	<b>6,291.05</b>	<b>670.87</b>

##### 6. Analysis on factors influencing revenue from physical product sales

Unit: 0'000 tonnes

Yitai	From January to December 2022 Quantity	From January to December 2021 Quantity
Self-produced coal	4,673.34	4,376.02
Coal purchased externally	1,926.71	1,915.03

Unit: 0'000 tonnes

Company name	From January to December 2022 Freight volume for the Company		From January to December 2021 Freight volume for the Company	
	Total throughput	Total for the Company	Total throughput	Total for the Company
Huzhun Railway Company	9,053.16	5,894.09	8,756.19	5,233.77

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (V) Analysis on Investment

##### 1. Material equity investment

Not applicable

##### 2. Material non-equity investment

Not applicable

##### 3. Financial assets measured at fair value

Unit: 0'000 yuan Currency: RMB

Assets	Opening balance	Gain or loss from change in fair value for current period	Change in total fair value included in equity	Purchase for current period	Dispose/ repurchase for current period	Other changes	Closing balance
Trading financial assets	-	237.05	-	199,000.00	120,000.00	-	79,237.05
Financing receivables	4,230.92	-	-	-	-	-4,220.92	10.00
Investments in other equity instruments	786,671.67	-	83,652.55	-	-	-	870,324.23
Other non-current financial assets	166,537.66	11,366.85	-	2,000.00	3,003.95	-	176,900.56
<b>Total</b>	<b>957,440.25</b>	<b>11,603.91</b>	<b>83,652.55</b>	<b>201,000.00</b>	<b>123,003.95</b>	<b>-4,220.92</b>	<b>1,126,471.84</b>

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (V) Analysis on Investment (Continued)

##### 3. Financial assets measured at fair value (Continued)

###### (1) Securities investment

Unit: 0'000 yuan Currency: RMB

Type of securities	Stock code	Stock abbreviation	Initial investment	Source of the fund	Carrying amount at the beginning of the period	Gain or loss on change in fair value during the period	Gain or loss of investment during the period	Carrying amount at the end of the period	Accounting items
Stock	3369	QHD PORT	7,923.79	Self-owned fund	1,958.67	-107.44	106.47	1,851.23	Investment in other equity instruments
Total			7,923.79		1,958.67	-107.44	106.47	1,851.23	

###### (2) Investment in private fund

###### Shareholding in non-listed financial corporations

Name of investee	Investment amount (RMB0'000)	Carrying amount at the end of the period (RMB0'000)	Profit or loss during the reporting period (RMB0'000)	Accounting treatment	Source of share
Mianyang Science&Technology Industrial Investment Fund (LLP) (綿陽科技城產業投資基金(有限合夥))	1,171.53	529.37	-71.52	Other non-current financial assets	Capital contribution
Panmao (Shanghai) Investment Center LP (磐茂(上海)投資中心(有限合夥))	46,030.90	73,266.88	7,372.81	Other non-current financial assets	Capital contribution
Zhuhai Rongyu Investment Center L.L.P (珠海鎔聿投資中心(有限合夥))	15,965.71	28,358.13	3,826.51	Other non-current financial assets	Capital contribution
Panfeng Value Fund C (磐豐價值C期)	30,155.00	30,543.98	-6,681.41	Other non-current financial assets	Capital contribution
HuaXia Monetary Fund B (華夏貨幣B基金)	278.14	278.14	5.84	Other non-current financial assets	Capital contribution

## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (V) Analysis on Investment (Continued)

##### 3. Financial assets measured at fair value (Continued)

##### (2) Investment in private fund (Continued)

##### Shareholding in non-listed financial corporations (Continued)

Name of investee	Investment amount (RMB'000)	Carrying amount at the end of the period (RMB'000)	Profit or loss during the reporting period (RMB'000)	Accounting treatment	Source of share
Ningbo Semiconductor Technology Co., Ltd. (寧波未感半導體科技有限公司)	100.00	175.74	49.20	Other non-current financial assets	Capital contribution
Tianjin Tianbing Aerospace Technology (天津天兵航天科技)	400.00	8,545.21	3,454.25	Other non-current financial assets	Capital contribution
Beijing Linpowave Co., Ltd. (北京凌波微步信息技術有限公司)	292.84	196.11	-107.47	Other non-current financial assets	Capital contribution
Oncologie, Ltd.	1,425.86	1,453.55	161.66	Other non-current financial assets	Capital contribution
Beijing Da Oak Technology Co., Ltd. (北京大橡科技有限公司)	85.00	356.81	110.04	Other non-current financial assets	Capital contribution
Beijing Invispower Technology Co., Ltd. (北京有感科技有限責任公司)	800.00	1,456.52	392.76	Other non-current financial assets	Capital contribution
Resonant Medical Technology Co. Ltd. (昆山雷盛醫療科技有限公司)	-	-	-239.80	Other non-current financial assets	Capital contribution
Tianjin Aisida Aerospace Science and Technology Co., Ltd. (天津愛思達航天科技有限公司)	400.00	1,505.02	638.00	Other non-current financial assets	Capital contribution
Suzhou SmartNuclide Biopharmaceutical Co., Ltd.	600.00	1,280.73	80.70	Other non-current financial assets	Capital contribution
Denovo Biopharma (Hangzhou) Co., Ltd. (索元生物醫藥(杭州)有限公司)	2,000.00	2,300.77	-472.27	Other non-current financial assets	Capital contribution
Gongqingcheng Jiuyou Herui Investment Management Partnership (L.P.) (共青城久友和瑞投資管理合夥企業(有限合夥))	2,960.00	3,477.91	383.48	Other non-current financial assets	Capital contribution



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (V) Analysis on Investment (Continued)

##### 3. Financial assets measured at fair value (Continued)

##### (2) Investment in private fund (Continued)

Shareholding in non-listed financial corporations (Continued)

Name of investee	Investment amount (RMB0'000)	Carrying amount at the end of the period (RMB0'000)	Profit or loss during the reporting period (RMB0'000)	Accounting treatment	Source of share
Beijing VDJ Bio Co., Ltd.	471.07	647.62	97.95	Other non-current financial assets	Capital contribution
Shenzhen Jiangu Equity Investment Fund Enterprise (LP) (深圳兼固股權投資基金企業(有限合夥))	17,437.60	17,083.99	151.13	Other non-current financial assets	Capital contribution
Shenzhen Sequoia Xinchun Equity Investment Partnership (深圳紅杉鑫辰股權投資合夥企業)	800.00	4,244.09	3,492.54	Other non-current financial assets	Capital contribution
Jinggangshan Jiuyou Herun Investment Management Partnership (井岡山久友和潤投資管理合夥企業)	1,200.00	1,200.00	-	Other non-current financial assets	Capital contribution
<b>Total</b>	<b>122,573.64</b>	<b>176,900.56</b>	<b>12,644.40</b>		

##### (3) Investment in derivatives

Not applicable

##### 4. Details on the progress of significant asset restructuring and integration during the reporting period

Not applicable

#### (VI) Disposal of Major Assets and Equity

Not applicable



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (VII) Analysis on Major Subsidiaries and Investee Companies

Company name	Business nature	Major products or services	Registered capital (yuan)	Total assets (yuan)	Net profit (yuan)
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵駿刺溝礦業有限責任公司)	Coal trading	Mining and sales of coal	1,080,000,000.00	14,855,786,737.06	3,390,909,242.74
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	Railway transport operations	Railway passenger and freight transport	3,628,598,000.00	11,447,020,170.89	159,479,020.83
Inner Mongolia Yitai Coal-to-oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	Coal-related chemical products	Production and sales of Fischer-Tropsch refined wax, 1# Fischer-Tropsch crude liquid wax, normal stable light hydrocarbons, normal Fischer-Tropsch soft wax, liquefied gas and other chemical products and their ancillary products	2,352,900,000.00	2,931,123,647.97	-634,601,518.48
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	Coal-related chemical products	Production and sales of 2# Fischer-Tropsch crude liquid wax, 1# Fischer-Tropsch crude liquid wax, normal stable light hydrocarbons, Fischer-Tropsch refined wax and other chemical products and their ancillary products	5,900,000,000.00	14,832,445,938.31	761,035,299.40

#### 1. Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd.

Suancigou Mine was jointly funded and officially established by the Company, Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司) and Shanxi Yudean Energy Co., Ltd. (山西粵電能源有限公司) on 18 September 2007. It has a registered capital of RMB1.08 billion and is owned as to 52% by the Company.

During the reporting period, Suancigou Mine ensured safe, stable and efficient production of coal mines by enhancing system construction enhancement, scientific and effective supervision, deepening management and reform, custody mode optimization and scientific production, enhancing technological innovation, advancing technology reformation and construction and quality control and other initiatives. In June 2022, Suancigou Mine obtained the approval from the Energy Bureau of Inner Mongolia Autonomous Region to increase the production capacity from 18 million tonnes/year to 20 million tonnes/year. During the year, Suancigou Mine recorded total operating revenue and net profit of RMB6.481 billion and RMB3.391 billion, respectively.



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (VII) Analysis on Major Subsidiaries and Investee Companies (Continued)

##### 2. Inner Mongolia Yitai Huzhun Railway Co., Ltd.

Huzhun Railway Company is principally engaged in railway transport business, with a registered capital of RMB3.629 billion. It is owned as to 72.66% by the Company, and 18.94% by Yankuang Railway Logistics Co., Ltd. (兗礦鐵路物流有限公司), 4.04% by Inner Mongolia Mengtai Buliangou Coal Co., Ltd. (內蒙古蒙泰不連溝煤業有限責任公司), 2.83% by Inner Mongolia State-owned Capital Management Co., Ltd. (內蒙古國有資產運營有限公司), 1.22% by Datang Electric Power Fuel Co., Ltd. (大唐電力燃料有限公司) and 0.31% by China Railway Hohhot Railway Bureau Group Co., Ltd. (中國鐵路呼和浩特鐵路局集團有限公司).

During the reporting period, under pressures from the fierce competition in road network, tough tasks of maintaining supply, and restrained transportation capacity caused by the environmental protection transformation by Jungar Temple and Tigerstone Assembly Station, Huzhun Railway Company persisted in maintaining the safety bottom line and accomplished the annual transportation tasks. It focused on cost control and has taken a series of measures to reduce cost and improve efficiency. Meanwhile, with its focus on innovation of science and technology, Huzhun Railway Company was granted 1 patent for utility model and has applied for 5 patents.

Zhundong Railway Line and Huzhun Railway Line maintained safety operation record of 8,051 days and 5,887 days in a row, respectively, with no railway accidents of general Class B and above or personal minor injuries during the whole year. In 2022, the total coal throughput amounted to 90.5316 million tonnes, and operating revenue and net profit of RMB1.869 billion and RMB159 million were recorded respectively.

##### 3. Inner Mongolia Yitai Coal-to-oil Co., Ltd.

Coal-to-oil Company is principally responsible for the production and sales of coal-related chemical products and relevant subsidiary products. It was jointly funded and established by the Company and Yitai Group with a registered capital of RMB2,352.9 million, and is owned as to 90.5% and 9.5% by the Company and Yitai Group, respectively.

During the reporting period, Coal-to-oil Company continued to implement refined management in process, and on top of ensuring safe, stable and high efficient operation of its devices, it continued to tap the inherent potential of cost reduction and efficiency enhancement and actively promoted transformation research on products at the paradigm plant, and achieved remarkable results in safe production, environmental management and quality control. Various production facilities operated stable throughout the year, the compliance rate of various pollutant discharge indicators reached 100% and the qualified rate of finished products reached 100%. In August 2022, the special rectification plan on the refined oil market was carried out nationwide, which incorporated the coal indirect liquefaction process route project into the scope of verification. Based on the opinion of the task force, with reference to the naphtha declaration and payment of consumption tax on refined oil, the consumption tax and surcharges on normal stable light hydrocarbons of the Company from August to December 2022 amounted to RMB26,009,500 in total.



## DIRECTORS' REPORT (Continued)

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (VII) Analysis on Major Subsidiaries and Investee Companies (Continued)

##### 3. Inner Mongolia Yitai Coal-to-oil Co., Ltd. (Continued)

Throughout the year, the device achieved effective operation of 361.36 days, and total production of oil products and chemical products of 0.21 million tonnes, with operating revenue of RMB1,350 million. Due to the rising coal prices, consumption tax payment on partial refined oil products and provision for impairment, Coal-to-oil Company suffered a loss of RMB635 million throughout the year.

##### 4. Inner Mongolia Yitai Chemical Co., Ltd.

Yitai Chemical was incorporated on 29 October 2009 with a registered capital of RMB5.9 billion, and was owned as to 90.20% and 9.80% by the Company and Yitai Group, respectively.

During the reporting period, Yitai Chemical adjusted the production proportion of its products based on the market orientation to balance production and sales and achieved the best net profit ever since project launch. Meanwhile, it resolutely pushed forward chain extension, chain supplement and chain enhancement tasks in the downstream industry based on the overall planning, and the ten thousand tonnes level oxidized wax, the thousand tonnes level  $\alpha$  - olefins and the thousand tonnes level alkylbenzene were in the stage of pilot test. With reference to the naphtha declaration and payment of consumption tax on refined oil, the consumption tax and surcharges on normal stable light hydrocarbons of Yitai Chemical from August to December 2022 amounted to RMB235,175,600 in total.

Throughout year, the device achieved a stable operation of 365 days, and produced 1.1906 million tonnes of various chemical products. 1.1923 million tonnes of various chemical products were sold, which recorded operating revenue of RMB8.351 billion and net profit of RMB0.761 billion.

Yitai Ningneng, a holding subsidiary of Yitai Chemical, produced qualified products of 0.2213 million tonnes in total and achieved operating revenue of RMB1.639 billion and net profit of RMB51 million throughout the year.

Inner Mongolia Yuanji Chemical Co., Ltd. produced qualified products of 0.0497 million tonnes in total and achieved operating revenue of RMB377 million and net loss of RMB4 million throughout the year.



## DIRECTORS' REPORT *(Continued)*

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD *(Continued)*

#### (VII) Analysis on Major Subsidiaries and Investee Companies *(Continued)*

##### 5. Yitai Yili Energy Co., Ltd.

During the reporting period, Yili Energy conducted extensive research on coal-to-olefin, coal-to-natural gas and coal-to-new materials and other development directions in light of market demands and the features of existing devices, and actively studied high-end chemical products with good prospects and in line with the national development strategy, to optimize product portfolio and structure. Meanwhile, Yili Energy carried out the protection of arrived equipment and finished construction products and semi-finished products. It convened the 24th meeting of the 8th session of its board on 8 February 2023, at which a proposal to suspend the construction of the 1 million tonnes/year coal-to-oil demonstration project of Yitai Yili Energy Co., Ltd. was reviewed and approved, and the project construction is delayed.

##### 6. Yitai Yili Mining Co., Ltd.

During the reporting period, the environment impact report in respect of the 4.5 million tonnes/year coal project of Yili Mining has obtained the approval of the Ministry of Ecology and Environment. Yili Mining also obtained the mining permit issued by Department of Natural Resources of Xinjiang Uygur Autonomous Region in March 2022. Yili Mining has obtained preliminary approval for its design, the written consent for the use of forest grassland and construction land approval.

##### 7. Information on companies invested by the Company

###### (1) Inner Mongolia Yitai Galutu Mining Co., Ltd.

Galutu Mining was established in November 2018, Yitai Chemical, a holding subsidiary of the Company, held 47.23% and Inner Mongolia Mining Industry Group Co., Ltd. held 52.77% of its shares. During the reporting period, Galutu Mining completed mining right renewal and preliminary review on design of coal mine, which provide solid foundation for subsequent work execution.

###### (2) Inner Mongolia Yitai Finance Company Limited

Yitai Finance Company was established in July 2015, jointly funded by the Company and Yitai Group. The Company held 40% of its shares. During the reporting period, Yitai Finance Company recorded an operating revenue throughout the year and a net profit of RMB399 million and RMB293 million, respectively.

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (Continued)

#### (VII) Analysis on Major Subsidiaries and Investee Companies (Continued)

##### 7. Information on companies invested by the Company (Continued)

###### (3) Inner Mongolia Jingtai Power Generation Co., Ltd.

Jingtai Power Generation was co-invested by the Company, Beijing Jingneng Power Co., Ltd. and Shanxi Yudean Energy Co., Ltd., which is owned as to 29% by the Company, and the main business scope of Jingtai Power Generation covers coal gangue power generation, sale and heat supply. During the reporting period, Jingtai Power Generation completed 3.588 billion kWh of power generation and recorded net profit of RMB269 million (unaudited).

###### (4) Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd.

Guanglian Coal Chemical was co-funded and established by the Company, Yitai Group, Coal Geological Bureau of the Inner Mongolia Autonomous Region and Inner Mongolia Guanglian Ethnic and Economic Development Company (內蒙古廣聯民族經濟發展公司), and the Company holds 20% of its shares. Guanglian Coal Chemical is mainly engaged in coal production, washing, sales and equipment leasing. During the reporting period, Guanglian Coal Chemical achieved a total operating income of RMB6.75 billion and a net profit of RMB3.062 billion.

###### (5) Railway companies invested by the Company

During the reporting period, Mengji Railway recorded a total operating revenue of RMB10,147 million and a net profit of RMB2,749 million throughout the year. Xin Baoshen Railway recorded a total operating revenue of RMB5,888 million and a net profit of RMB1,787 million throughout the year. South Ordos Railway recorded a total operating revenue of RMB5,803 million and a net profit of RMB1,140 million throughout the year. Haoji Railway recorded a total operating revenue of RMB13,670 billion and suffered loss of RMB60 million throughout the year. Zhunshuo Railway recorded a total operating revenue of RMB1,086 million and suffered loss of RMB491 million throughout the year (All the above financial data of railway companies invested by the Company are unaudited).



## DIRECTORS' REPORT (Continued)

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

#### (I) Landscape and Trend of the Industry

The “14th Five-Year Plan” period is a critical period for implementing new development concepts and implementing new strategic ideas for energy security. The development directions in the energy industry are to adhere to the promotion of clean and low-carbon transformation of the energy industry and the optimization and upgrading of energy and strategic resource bases.

From a national perspective, “accelerating the planning for the construction of a novel energy system” is the new deployment of the report of the 20th National Congress of the CPC in the energy area. Scientific planning for the construction of a novel energy system will better contribute to carbon peak and carbon neutrality. Guided by the “dual carbon” goal, the optimization of the favorable policy on clean development of coal energy and the construction of a promotion mechanism for green and low-carbon energy transformation will provide policy assistance and guidance for the Company's future development.

From a local perspective, the energy development planning idea of Inner Mongolia Autonomous Region during the “14th Five-Year Plan” period focuses on advancing green, digital and innovation transformation, taking green and low-carbon as the main subject to adjust the energy structure, building a solid foundation for carbon peak and optimizing production layout to promote energy development and ecological protection; giving into full play the foundation role of coal and coal power security to develop and utilise new energy on a large scale.

#### (II) Development Strategies of the Company

In 2023, in response to the opportunities and challenges brought about by the new development pattern, while unswervingly promoting the high-quality development of the principal coal business, the Company will actively explore low-carbon transformation and development, accelerate industrial upgrading and structural adjustment, and strive to build a new pattern of diversified development with complementary industries, complementary benefits and complementary markets. On the basis of consolidating the principal coal industry, the Company will accelerate the low-carbon transformation and promote the high-quality development of various businesses.

Firstly, the Company will unswervingly improve and strengthen the coal industry. The first is to improve the development efficiency of existing resources and the ability to create of resources efficiency, and continue to promote the construction of intelligent coal mines; the second is to actively advance capacity increase of partial coal mines to enable rapid capacity enhancement of coal mines with enhancement potential in a compliant and legal manner; the third is to attach great importance to coal quality management, strengthen the whole-process management and control through information-based means such as coal quality intelligent evaluation system, and strive to create better benefits; and the fourth is to plan for high-quality resource reserves in advance from the perspective of industrial structure adjustment and transformation and upgrading under the guidance of the national market-oriented resource allocation policy, integrate internal and external high quality coal resources and make sure the continuity of resources to enrich the strategic reserves of the Company.

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (II) Development Strategies of the Company (Continued)

Secondly, on the basis of consolidating relationship with key long-term customers, the Company will speed up the structural adjustment of downstream target customers in light of the policy and market changes to improve the ability to deal with market risks. It will also pay close attention to the adjustment of the medium and long-term coal contract mechanism, broadly absorb social coal into the line for delivery, and increase the railway delivery volume.

Thirdly, the Company will develop clean coal technology, drive the growth of new driving forces, and explore high quality development. We will firmly extend the industry chain, improve added value of products, and with a focus on scientific transformation and development, build a coal-based industry platform with flexible and changeable products based on market demand.

Fourthly, taking the opportunity of building an enabling safety management system, the Company will establish a long-term safety management standardization system that adapts to the entire industry and industry chain, further deepen the safety classification management and graded evaluation of production and business units, and promote evaluation-based and physical-based inspections.

Fifthly, the Company will continue to deepen the management reform, continue to promote the reform of “delegating, regulating and serving” in response to the new tasks and new models emerging in the transformation and development, continue to explore and implement the benefit sharing mechanism, and complete the construction of the corresponding performance evaluation system, achieve effective operation of the “strategy-plan-budget-performance” closed-loop management system, and maximize the vitality of the organization. It will also establish a high-quality and efficient functional service mechanism, further improve the construction of talent force, and strive to create a team with vitality and strong professional skills and management standards.

Sixthly, the Company will adhere to innovation-driven development and provide assistance for its low-carbon transformation. With the help of the innovative achievements of Yitai Group Coal-based New Materials Research Institute, Technology Center and other institutions, and the preferential policies of the autonomous region to encourage new material technology research and provide special financial support, it will strengthen innovation cooperation with domestic and foreign scientific research institutions, colleges and universities, and technology-based enterprises.

Seventhly, the Company will strengthen investment and financing and capital operation management, and optimize the capital structure. It will strengthen the awareness of capital cost, and rationally arrange capital expenditures for operation and investment; improve the scientific, reasonable and accurate assessment of operating working capital, and further strengthen asset management with the goal of enhancing investment profitability. It will gradually achieve the new industrial pattern driven by both industry and capital, so as to break the constraints of traditional industries and regions, enter into emerging industries, and fully integrate surrounding resources to ensure the Company's long-term and sustainable development.



## DIRECTORS' REPORT (Continued)

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (III) Business Plan

	2023 estimate	Increase/decrease	Basis
Production volume (in ten thousand tonnes)	5,312	Increase by 9.97% compared with the production volume in 2022	Depend on the internal production capacity and planning of the Company
Sales volume (in ten thousand tonnes)	6,622	Increase by 0.33% compared with the sales volume in 2022	Depend on the market demand
Unit selling price (coal) (yuan/tonne)	583	Decrease by 22.11% compared with the selling price in 2022	Depend on the internal estimate of the Company
Unit cost of coal sales (yuan/tonne)	395	Decrease by 5.61% compared with the unit cost of sales in 2022	Depend on the internal estimate of the Company

\* The operation target and estimation may be exposed to risks, uncertainties and assumptions. The actual outcome may differ materially from these statements. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

In 2023, the Company plans to take the following strategies and actions to achieve the above business goals.

#### 1. Unwaveringly optimizing and strengthening the coal industry

It is required for the coal industry to vigorously push forward the enhancement of designed capacity and relevant task of Talahao Mine, Suancigou Mine, Kaida Mine and Baijialiand Mine, and actively accelerate the preliminary formalities for disaster management project of Hongjingta Mine No. 1 and Kaida Mine, and continuously push forward intelligent mine system operation and maintenance and system construction in each coal mine.

#### 2. Optimizing the structure of delivery and sales customers as well as route construction

In the process of delivery and sales, it is required to go all out to ensure coal supply while maintaining optimization and adjustment of the structure of target customers, and actively broaden management ideas of trading business to improve the ability to create efficiency in the trade link. It is also required to accomplish the environmental protection renovation of the Junger Zhao Dispatch Station, keep improving the construction of key incremental nodes and supply nodes in the collection and distribution system of Huzhun Railway Company by introducing and sourcing external investments and giving route capacity into full play.



### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (III) Business Plan (Continued)

##### 3. Stable advancement of transformation and development of coal-to-chemical industry

For the coal-to-chemical industry, it is required to accelerate the construction of transformation projects and various technological transformation projects, to ensure innovative development and safety and environmental protection; it also required to actively advance extension of downstream products and deepen cost reduction and efficiency improvement and promote expansion, refinement and high-end of the coal-to-chemical industry.

##### 4. Holding tight the bottom line of safety and environmental protection to improve the level of standard management

Based on safety production, the Company should promote dual prevention mechanisms and keep implementing, refining and improving safety production. It should enhance risk management, process control and continuously improve the standard management level of safety production; keep enhancing environmental risk management and control with a focus on strengthening hazardous waste management, vigorously advancing common development in environment protection and ecology construction; establish pollutant discharge permit dynamic management mechanism; enhance source control of energy management and assist to complete clean production review of Talahao Mine and Suancigou Mine; and regulate the establishment of carbon management mechanism to improve management capacity of carbon assets.

##### 5. Advancing innovation-driven development and improving technological innovation capacity

It is required to accelerate innovation in technology system mechanism and the construction of green mines and intelligent mines, and achieve coal production in a digital, informatization and intelligent manner as soon as possible, prepare well for the construction of green mines and intelligent coal mines adhering to the principle of focusing on cultivation, comprehensive promotion, consolidation and improvement; enhance technology exchanges and cooperation with professional scientific research institutions and colleges in the industry, enhance sustainable innovation capability and effectively promote major scientific tasks.

##### 6. Optimizing the level of corporate governance and improving capital operation capacity

It is required to keep improving the operation mechanism of compliant management and gradually improve information disclosure competence to improve information value and provide an objective and true basis for investors in arriving their investment decisions; execute strictly supervision and reporting procedures of significant events to ensure complaint, legitimate, clear and fair decision-making process of significant events; improve the corporate governance mechanism and actively coordinate the relationship between various governance subjects and give play to their governance functions and perform duties to organise and prepare the “three can” work; and keep enhance regulated operation of corporate governance to further improve corporate governance efficiency and scientific basis.



## DIRECTORS' REPORT (Continued)

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (IV) Potential Risks of the Company

##### 1. Policy risks

Given its predominance in China's resource endowment and energy consumption structure, coal has always been the top priority in the country's energy plan and is markedly affected by national policy. On the one hand, with the promotion of energy conservation and emission reduction and reinforcement of ecological civilization construction, more constraints on resource and environment and energy development strategies, and the risks of environmental protection and ecological issues generated from energy development will gradually grow, thus the requirements regarding the entry barrier, energy conservation and environmental protection, production safety and others of coal mining and coal-to-chemical projects will be more stringent. On the other hand, as China gradually increases the supply-side reform efforts, government regulation and control policies, including de-capacity and optimization of capacity structure, will also have a greater impact on the Company's production and operation.

To minimize the above risks, the Company will continuously enhance the level of corporate management, accelerate industrial upgrading and scale up research innovation as well as environmental protection and energy conservation to comprehensively achieve or exceed the requirements of the policy in terms of production safety, energy conservation and environmental protection. Accordingly, the Company will keep track of the national regulatory policy for the coal industry and change of policy in mineral resources management in a timely manner, organize production reasonably and proactively grasp policies to release advanced production capacity and guarantee the Company's normal production and operation.

##### 2. Risks of macro-economic fluctuations

The coal industry in which the Company operates as well as its downstream industries are both fundamental industries of national economy and are closely connected with the macro economy. Therefore, it is very vulnerable to macroeconomic fluctuations. Changes in the structure, the development pattern, the system and energy structure and switch of growth drivers in the domestic macro economy will have certain impact on production and operation of the Company, thereby affecting the operating results of the Company.

To cope with the above risks, the Company will sum up the past experiences, pay close attention to market changes, stabilize demand and supply relations and strengthen the ability in analyzing the coal market. The Company will consolidate its principal business, make the business segments, such as coal production, railways and coal-to-chemical, bigger and stronger, proactively improve its capability and core competitiveness, and enhance capabilities in diversified and integrative operation to better deal with macro-economic fluctuations.

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (IV) Potential Risks of the Company (Continued)

##### 3. Risks of industrial competition

In the long run, the overcapacity of domestic coal production has not been fundamentally alleviated. With the elimination of backward production capacity and the increase in industry concentration, the coal industry will tend to be more internationalized with more intense competition. Under the circumstances of a prolonged slump in the international oil price and the continuous commencement of large-scale domestic coal-to-chemical projects, the coal-to-chemical industry will encounter many difficulties such as low oil price, high coal price and fierce competition in product sales and so forth.

In response to the increasing competition in the industry, the Company will reduce costs and increase benefits through management reform, to continuously maintain the industry-leading, low-cost and high-efficiency production advantages. Meanwhile, the Company will improve our industry competitiveness and market share by adjusting product structure and sales structure, expanding market through multiple channels and strengthening strategic cooperation with key customers. Furthermore, facing sluggish international oil price and other adverse factors, the Company will achieve product refinement and high-end extension and increased benefits by adjusting the product structure to adapt to market changes, while strengthening technological innovation and downstream product development efforts.

##### 4. Risks of increasing capital demands

Coal-to-chemical industry is a capital-intensive industry. The Company is currently deploying large-scale coal-to-oil projects in Inner Mongolia and Xinjiang. The funds previously invested into these projects were mainly used for the preliminary work such as feasibility study, design and land requisition. After formal construction of those projects, more funds will be needed.

In this regard, the Company will, based on the approval progress of projects, the international crude oil market situation and the Company's overall fund arrangements, gradually promote the process of project construction in an ordered way, timely follow up and implement project loans, and further promote the equity financing and debt financing to expand the Company's financing channels. Meanwhile, the Company will spread project risks and ease the fund pressure by subdividing the industrial chain and actively looking for strategic and business cooperation opportunities.



## DIRECTORS' REPORT *(Continued)*

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT *(Continued)*

#### (IV) Potential Risks of the Company *(Continued)*

##### 5. Safety risks

As coal production involves underground mining operation, even though the Company maintains a high level of mechanization and safety management level, it still poses challenges for safety management considering the extension of mines' service life as well as the depth of mining and exploitation. In addition, the Company is extending its business to the coal-to-chemical industry from coal industry, further increasing the production safety risks.

In this regard, the Company will focus on safe production to continuously increase investment in production safety, improve the administration system of production safety, enhance on-site management and intensify process control; clarify the responsibilities of persons in charge of production safety, specify responsibilities, objectives, rewards and punishment; continue to promote the safety quality standardization of coal mines, improve coal-to-chemical operation and safety technical regulations as soon as possible; step up efforts for safety technique training as well as safety culture cultivation to comprehensively improve employees' professional competence and increase their awareness of safety, and strengthen safety regulation to ensure production safety; alleviate the workers' labor intensity and improve the safety of operators through promoting the use of informationalized, automated and intelligent mining facilities and system.

##### 6. Risks of rising costs

As the State scales up measures for energy conservation, emission reduction, environmental management and production safety, the mining supplies prices and wages rise, and compensation for land requisition for mining and relocation increases, the external cost and cost pressure of the Company will increase and the Company's business will be affected to some extent.

As such, the Company will continue to deepen the management reform, strengthen budget management of controllable cost, implement quota-based assessment system, develop potentials, reduce consumption, and further conduct technological and process innovation and allocation optimization for the purpose of cost reduction and efficiency enhancement.

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (IV) Potential Risks of the Company (Continued)

##### 7. Risks of coal mine overall entrusted management

In order to strictly implement the national policies, and conduct production and operation in a legal manner, the Company chooses to entrust part of its coal mines in general. In the event of any unpredictable factors or force majeure, such as adjustment of industry policies, changes in market environment, adjustment of the Company's business strategies and the inability of the entrusted party to fulfill the conditions for overall entrustment of coal mines, in execution of the entrustment contract, the contract may not be performed on schedule or in full.

In this regard, the Company will strengthen supervision and inspection of production safety technologies and electromechanical equipment for coal mines, and enhance management and assessment on production and operation indicators of the entrusted party, in order to advance the level of safety management, further lower costs and boost efficiency, and maintain the vitality of production and operation.

##### 8. Exchange rate risks

The principal places of operations of the Company are located in China and the major businesses are settled in Renminbi ("RMB"). However, the Company's recognized foreign currency assets and liabilities as well as the foreign currency transactions in the future (the functional currencies of foreign assets and liabilities as well as the transactions are mainly US dollar ("USD") and Kuwait dinar ("KWD") remain exposed to exchange rate risk. The finance department of the Company is in charge of supervising the foreign currency transactions and the size of foreign assets and liabilities so as to minimize the exposure to exchange rate risk. The Company has always attached great importance to the monitoring and research of exchange rate risks, maintained close ties with foreign and domestic financial institutions on exchange rate-related businesses, and at the same time, used a reasonable design of foreign currency methods to strengthen exchange rate risk management in various ways.



## DIRECTORS' REPORT (Continued)

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT (Continued)

#### (V) Others

##### 1. The Company's capital expenditure plan for 2023

Item	Capital expenditure for 2023 (in ten thousand yuan)
Integrated Coal Project of Small and Medium-sized Coal Mines in Yining Mining Area of Yili Mining	141,428.31
Environmental Reformation Project of Collection and Dispatch Centre in Jungar Zhao of Huzhun Railway	28,777.42
Coal Mine Capacity Designed Additional Purchase Capacity Indicator	25,600.00
Environmental Reformation Project concerning Hushi Coal Reserve Yard at Xiyingzi Collection and Dispatch Station	22,330.87
Premium from Ming Rights Grant of Baoshan Coal Mine	18,560.43
Huzhun Railway Additional Line II Project	4,788.30
VOCs governance projects of Yitai Chemical and Coal-to-oil Company	4,471.58
α olefin separation pilot project of Yitai Chemical	3,684.00
Talahao Coal Mine Level 2 Extension Deep Well Lane Project	3,632.80
Premium from Ming Rights Grant of Suancigou Coal Mine	2,784.00
Corporate File Management Center Project	2,730.81
Intelligent Ore Project of Dadijing Mine	1,794.12
Productive operational investment	47,467.17
<b>Total</b>	<b>308,049.81</b>

The Company's existing capital expenditure plan for 2023 may change in light of the development of the business plan (including potential acquisitions), progress of capital projects, market conditions, outlook for future business conditions and the acquisition of necessary permits and regulatory approvals. Except as required by laws, the Company does not undertake any responsibility to update any data of the capital expenditure plan.

##### 2. Financing plan

The Company will develop an overall plan for funds scheduling, optimize the asset structure, and meanwhile strictly control the costs, accelerate the capital turnover rate, and reasonably arrange the plans for fund use, in order to support the healthy development of the Company. The Company will sustain the capital demands for day-to-day business operation by collectively drawing on the operating revenue, debt financing as well as other financing means to meet the Company's capital needs.

### VII. OTHER DISCLOSURES

#### (I) Material events after the financial year end date

The Group's material events after the financial year end date are detailed in Notes XIII to the audited consolidated financial statements.

#### (II) Pledge of assets

As at 31 December 2022, the Group had no pledged assets.

#### (III) Contingent liabilities

The Group had no contingent liabilities.

#### (IV) Issue, purchase, sale or redemption of shares

During the reporting period, the Group did not issue, purchase, sell or redeem any shares of the Company.

#### (V) Issue of debentures

The information on the Group's issue of debentures is detailed in "Relevant Information on Corporate Bond" of this report.

#### (VI) Donation

As at the date of this report, the Group made charitable donation of approximately RMB230 million in total.

#### (VII) Share-linked agreement

As at the date of this report, the Group did not enter into any share-linked agreement.

#### (VIII) Directors' insurance

During the reporting period, the Group has maintained valid directors' insurance for on-duty and resigned Directors.

#### (IX) Directors' and Supervisors' rights to acquire shares or debentures

During the reporting period, there was no arrangement of the Group that would procure its Directors, Supervisors or their respective associates to acquire shares or debentures from the Company or other companies.



## DIRECTORS' REPORT (Continued)

### VII. OTHER DISCLOSURES (Continued)

#### (X) Financial, business and family relationship among the Board members, members of the Supervisory Committee and senior management personnel

During the reporting period, there was no financial, business or family relationship among the Board members and senior management personnel of the Group.

#### (XI) Share option incentive granted to Directors, Supervisors and senior management

During the reporting period, the Group did not implement any share incentive policies.

#### (XII) Board diversity policy

The Group believes that a diversified Board will be beneficial to enhancing the Company's performance. In setting the composition of the Board, the Company will consider the diversification of members of the Board from various aspects, including but not limited to age, cultural and educational background, professional experience, skills and knowledge. All appointments to the Board shall follow the principle of meritocracy, taking into account objectively the benefits of diversification of members of the Board when considering the candidates. Selection of candidates to the Board will be based on a series of diversified scope, including but not limited to age, cultural and educational background, professional experience, skills and knowledge.

The Company confirms that at the end of the reporting period, the Board comprises professionals with different educational background and different gender and age group, such as economy, finance, accounting and management, in particular, female directors accounted for 16.7% of total number of directors and the composition of the Board complied with the gender diversity requirements under the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") and the Company's Board Diversity Policy.

As there is a female director, the composition of the board of directors complies with gender diversity requirements under the Hong Kong Listing Rules and is in line with the Company's Board Diversity Policy. The Company recognizes the importance and benefits of gender diversity on its Board members, and its Board Diversity Policy ensures that the Board will have alternate potential successors to continue the existing gender diversity of the Board.



### VII. OTHER DISCLOSURES *(Continued)*

#### (XII) Board diversity policy *(Continued)*

During the reporting period, the Board reviewed the implementation of the Board Diversity Policy and considered it appropriate and effective.

The Nomination Committee will annually disclose the composition of the Board in the Corporate Governance Report and supervise the implementation of this policy. The Nomination Committee will duly review this policy to ensure its effectiveness in performance. The Nomination Committee will discuss any possible amendments needed, and offer the advice on amendments to the Board for its consideration and approval.

#### (XIII) Articles of Association

In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies, the listing rules of the stock exchange where the Company's shares are listed and latest amendments to other relevant laws and administrative regulations and based on the actual condition of the Company, the Company amended partial provisions of the existing Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. in effect. Relevant amendments had been reviewed and approved at the third 2022 extraordinary general meeting held on 29 December 2022. The current Articles of Association took effect on 29 December 2022 and had been published on the websites of the Company and Hong Kong Stock Exchange.

#### (XIV) Proposed dividend

Please see section VIII "SIGNIFICANT EVENTS" of this annual report for details.



## DIRECTORS' REPORT (Continued)

### VII. OTHER DISCLOSURES (Continued)

#### (XV) Distributable reserves

Details of the movements in reserves of the Group during the year 2022 are set out in the Consolidated Statement of Changes in Equity in the independent auditor's report, among which the information on the reserves distributable to shareholders is set forth in note VI. 44 to the independent auditor's report.

#### (XVI) Resignation of Directors

For details, please see the section headed "DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES" in this report.

#### (XVII) Compliance with relevant laws and rules that have a significant impact on the Company

In 2022, the Group strictly complied with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Safe Production Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, the Labor Law of the People's Republic of China and other laws and regulations as well as environmental policies of the PRC. In 2022, the Group did not have any serious contravention of laws and regulations.

#### (XVIII) Directors' and Supervisors' material interests in transactions, arrangements or contracts of significance

No Directors, Supervisors of the Group or entities connected with them are materially interested in the transactions or arrangements of significance in the Company or its subsidiaries.

#### (XIX) Interests of Directors in competing businesses

In 2022, save as disclosed in this report, neither the Directors nor their associates have any competing interests in the businesses which compete or are likely to compete with the business of the Company, either directly or indirectly.

#### (XX) Significant contracts

In 2022, save as disclosed in "Significant Events" – Material Connected Transactions in this report, neither the Company nor any of its subsidiaries entered into any significant contracts with the controlling shareholder or any of its subsidiaries other than the Group.

### VII. OTHER DISCLOSURES (Continued)

#### (XXI) Management contracts

In 2022, in order to strictly implement relevant national policies, on condition that the Company's mining rights, ownership, profit-tax relationship and subordination remain unchanged, the Company entrusted the safety production and technical management of the six coal mines, namely Talahao Mine, Kaida Mine, Hongjingta Mine No. 1, Suancigou Mine, Baoshan Mine and Dadijing Mine, to Zhongtai Energy as a whole, without changes in the business model and asset ownership, and not causing any changes in the consolidated scope of the financial statements.

#### (XXII) Pre-emptive right and share option arrangement

In 2022, the Company had no arrangement on pre-emptive right and share option; there are no clear provisions on the pre-emptive right in both PRC laws and the Articles of Association of the Company.

#### (XXIII) Permitted indemnity provisions

For the year ended 31 December 2022, the Company did not have any permitted indemnity provisions once in effect or in effect for the benefit of the Directors of the Company (whether entered into by the Company or not) or any directors of associated companies of the Company (if entered into by the Company).

#### (XXIV) Public float

Based on the public information available to the Company or the knowledge of the Directors of the Company, the Company's public float was sufficient on the date of issuing this report.

#### (XXV) Service contracts of Directors and Supervisors

The Company did not enter into any service contracts, which are not determinable by the Company within one year without payment of compensation (other than statutory compensation), with the Directors and Supervisors.

#### (XXVI) Relations with employees, suppliers and customers

The Group provides competitive remuneration portfolio to attract and incentivize employees. The Group reviews the employees' remuneration portfolio on a regular basis and makes necessary adjustment in order to be in line with the market standard. The Group also understands that it is of great importance to maintain good relationships with suppliers and customers for the realization of the short-term and long-term goals. For the purpose of maintaining the competitiveness of brands and the leading position, the Group is committed to providing consistently premium products and services to customers. In 2022, the Group had no material and significant disputes with suppliers and customers.



## DIRECTORS' REPORT (Continued)

### VII. OTHER DISCLOSURES (Continued)

#### (XXVII) Audit Committee

The audit committee of the Board of Directors of the Company (the "Audit Committee") has reviewed the Company's and the Group's 2022 annual results, and the audited consolidated financial statements for 2022 were prepared in accordance with the PRC Accounting Standards for Business Enterprises.

#### (XXVIII) Auditor

The financial report in this report was audited by Da Hua Certified Public Accountants (Special General Partnership).

#### (XXIX) Material litigation

As of 31 December 2022, the legal proceedings the Company involved in are set out in "Significant Events" of this report. So far as the Directors are aware, there is no material legal proceedings or claim which has not yet been understood or is threatened against the Company.

#### (XXX) Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or acquisition of capital assets

Save as disclosed in this report, the Company did not have any other material investments, acquisitions and disposals, and future plans for material investments or acquisition of capital assets during the reporting period.

#### (XXXI) Business review

Major results review of the Group in 2022	Pages 18 to 43
Explanation on the significant relationships between the Group and its customers and suppliers	Pages 22 to 23
Discussion and analysis of the Group on the Company's future development	Pages 44 to 52
Description on the major risks that the Group is exposed to	Pages 48 to 51
The Group's compliance with relevant laws and rules that have a significant impact on the Company	Page 56
Information on the employees of the Group	Pages 106 to 107

## REPORT OF THE SUPERVISORY COMMITTEE

In 2022, pursuant to the relevant requirements set out in the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. and Rules of Procedure of the Supervisory Committee of Inner Mongolia Yitai Coal Co., Ltd., the Supervisory Committee of the Company adhered to the attitude of being responsible to all shareholders, and conscientiously implemented the function of supervision for effective supervision on the material operating activities as well as execution of duties by all Directors and senior management of the Company, thus safeguarding the legal interests of the shareholders and the Company and of all employees satisfactorily, and accelerating standardized operation of the Company. The specific work of the Supervisory Committee in the past year is reported as follows:

### I. MEETINGS CONVENED AND RESOLUTIONS PASSED

The eighth session of the Supervisory Committee of the Company comprises of the chairman Zhang Wei, supervisors Liu Xianghua, Jia Zheyu, Chen Rong, independent supervisors Wang Yongliang, Wu Qu. The number of members and composition of the Supervisor Committee is in compliance with the Company Law and the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd..

In 2022, the Supervisory Committee held a total of 6 meetings of the Supervisory Committee, of which 1 was on-site meeting, and 5 were meetings via telecommunication. Prior to the convening of the meetings, the Company was strictly in accordance with relevant laws and regulations as required, to issue relevant meeting materials to the members of the Supervisory Committee before the prescribed time, and the procedure for holding and convening the meetings was legal. The main details of the meeting time, session, topics and proposals to consider are as follows:

Session of and time for holding the Supervisory Committee meetings	Matters considered	Passed or not
Fifteenth meeting of the eighth session (19 January 2022)	<ol style="list-style-type: none"><li>To consider the resolution in relation to the disposal of assets by Yitai Xinjiang Energy Co., Ltd., the holding subsidiary of the Company, to Xinjiang Zhongbu Hoshine Silicon Industry Co., Ltd.;</li><li>To consider the resolution in relation to the assets retirement of Yitai Xinjiang Energy Co., Ltd., the holding subsidiary of the Company.</li></ol>	Passed



## REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

### I. MEETINGS CONVENED AND RESOLUTIONS PASSED *(Continued)*

Session of and time for holding the Supervisory Committee meetings	Matters considered	Passed or not
Sixteenth meeting of the eighth session (29 March 2022)	<ol style="list-style-type: none"> <li>1. To consider the resolution in relation to the 2021 annual report of Inner Mongolia Yitai Coal Co., Ltd. and its summary and the resolution in relation to the annual results announcement for the year ended 31 December 2021 of Inner Mongolia Yitai Coal Co., Ltd.;</li> <li>2. To consider the resolution in relation to the 2021 Work Report of the Supervisory Committee of Inner Mongolia Yitai Coal Co., Ltd.;</li> <li>3. To consider the resolution in relation to the 2021 Financial Report of Inner Mongolia Yitai Coal Co., Ltd.;</li> <li>4. To consider the resolution in relation to the 2021 Internal Control Evaluation Report of Inner Mongolia Yitai Coal Co., Ltd.;</li> <li>5. To consider the resolution in relation to the 2021 report on environmental, social responsibility and corporate governance of Inner Mongolia Yitai Coal Co., Ltd.;</li> <li>6. To consider the resolution in relation to 2021 profit distribution plan of the Company;</li> <li>7. To consider the resolution in relation to changes in the accounting policy of the Company;</li> <li>8. To consider the resolution in relation to recognition of the actual amount occurred from daily related transactions/continuing connected transactions for 2021 of the Company;</li> <li>9. To consider the resolution in relation to the supplement and estimation of the Company for the maximum of daily related party/continuing connected transactions for years 2022-2023;</li> <li>10. To consider the resolution in relation to the estimation of the Company for the maximum of continuing connected transactions (H shares) for years 2022-2023;</li> <li>11. To consider the resolution in relation to the Company's additional daily related transaction (B shares);</li> <li>12. To consider the resolution in relation to the Company's estimation of guarantee provided to holding subsidiaries for the year 2022;</li> <li>13. To consider the resolution relating to the estimates of the provision of guarantee by the Company for commercial acceptance bill financing business of its certain wholly-owned subsidiaries and holding subsidiaries in 2022;</li> <li>14. To consider the resolution relating to the entrusted wealth management with temporarily idle self-owned funds of the Company;</li> </ol>	Passed

## REPORT OF THE SUPERVISORY COMMITTEE (Continued)

### I. MEETINGS CONVENED AND RESOLUTIONS PASSED (Continued)

Session of and time for holding the Supervisory Committee meetings	Matters considered	Passed or not
	15. To consider the resolution relating to the re-appointment of financial audit institution of the Company for the year 2022;	
	16. To consider the resolution relating to the re-appointment of internal control audit institution of the Company for the year 2022;	
	17. To consider the resolution relating to the risk disposal plan on financial business between the Company and Inner Mongolia Yitai Finance Co., Ltd.;	
	18. To consider the resolution in relation to the risk assessment report of Inner Mongolia Yitai Finance Co., Ltd..	
Seventeenth meeting of the eighth session (27 April 2022)	1. To consider the resolution in relation to the 2022 first quarterly report of Inner Mongolia Yitai Coal Co., Ltd..	Passed
Eighteenth meeting of the eighth session (30 August 2022)	1. To consider the resolution in relation to the 2022 interim report of Inner Mongolia Yitai Coal Co., Ltd. and its summary and the resolution in relation to the interim results announcement for the six months ended 30 June 2022 of Inner Mongolia Yitai Coal Co., Ltd.;	Passed
	2. To consider the resolution relating to the estimates of the provision of guarantee by the Company for commercial acceptance bill financing business of its certain wholly-owned subsidiaries and holding subsidiaries in 2022;	
	3. To consider the resolution in relation to the supplement and estimation of the Company for the maximum of daily related party/continuing connected transactions for years 2022-2023;	
	4. To consider the resolution in relation to the supplement and estimation of the Company's additional daily related transaction (B shares);	
	5. To consider the resolution in relation to the risk assessment report of Inner Mongolia Yitai Finance Co., Ltd.;	
	6. To consider the resolution in relation to changes in the accounting policy of the Company.	
Nineteenth meeting of the eighth session (27 October 2022)	1. To consider the resolution in relation to the 2022 third quarterly report of Inner Mongolia Yitai Coal Co., Ltd..	Passed
Twentieth meeting of the eighth session (11 November 2022)	1. To consider the resolution in relation to the proposed issuance of ultra-short -term financing bonds by the Company;	Passed
	2. To consider the resolution in relation to the amendments of the Rules of Procedures for the Supervisory Committee of Inner Mongolia Yitai Coal Co., Ltd..	



## REPORT OF THE SUPERVISORY COMMITTEE (Continued)

### II. SUPERVISION OF THE SUPERVISORY COMMITTEE OVER THE PERFORMANCE OF DUTIES BY THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

The Supervisory Committee supervised the performance of duties by the Directors and senior management of the Company and was of the view that the Board of the Company performed its duties in strict compliance with the requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and the relevant requirements of the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. and the Rules of Procedure of the Supervisory Committee of Inner Mongolia Yitai Coal Co., Ltd., the major decisions were reasonable and the procedures were lawful and valid; and was of the view that, in the performance of their duties, the senior management conscientiously complied with national laws and regulations, the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. and the resolutions of general meetings and the Board meetings, discharged their duties honestly and forged ahead. No acts of the Directors and senior management of the Company in violation of laws and regulations, the Articles of Association, or damage to the interests of the Company's shareholders and the Company were found.

### III. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY

#### (I) Opinions on Inspection of the Financial Position of the Company

During the reporting period, the Supervisory Committee inspected and supervised the financial activities of the Company by debriefing the special reports from the financial officers of the Company, reviewing the regular reports of the Company, and examining the auditor's report issued by the auditor. The Supervisory Committee was of the view that the financial system of the Company was in compliance with the related provisions under the laws and regulations including the Accounting Law of the People's Republic of China and the Accounting Standards for Business Enterprises. The 2022 annual report of the Company gives a true, accurate and complete view of the financial position, operational results, cash flows and shareholders' equity of the Company, etc.. The annual auditing accountants of the Company issued the standard unqualified auditor's report of the Company, we are of the view that auditing organization provided its objective and impartial audit opinion and it's in line with the actual conditions of the Company. The Supervisory Committee verified that no personnel involved in the preparation and review of periodic reports had violated the confidentiality provisions.

#### (II) Opinions on Acquisition and Disposal of Assets by the Company

The Supervisory Committee is of the view that the pricing terms for the transactions on relevant acquisitions of assets by the Company were objective and fair, the recognition of asset disposal and profit or loss was science and reasonable and didn't damage the interests of shareholders or resulted in the loss of the Company's assets.





## REPORT OF THE SUPERVISORY COMMITTEE (Continued)

### III. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY (Continued)

#### (III) Opinions on the Related Transactions of the Company

The supervisory committee considered that the related transactions between the Company and connected persons such as its controlling shareholders were under fair pricing terms and legal procedures, and had no harm to the interests of the Company or its shareholders.

#### (IV) Opinion on the Profit Distribution Plan of the Company

The supervisory committee considered that the profit distribution plan of the Company was determined after taking into full consideration of the results in 2022, future profitability and shareholders' investment returns and would not be detrimental to the interests of the Company or shareholders.

#### (V) Opinion on the External Guarantees of the Company

The Company provided guarantee for the holding subsidiary for its borrowings from financial institution or the financing is due to the needs of operation development. The Supervisory Committee is of the view that the financial position of the guaranteed company is sound and the guaranteed amount is reasonable and will not harm the interests of the Company or its shareholders.

#### (VI) Opinion on the Entrusted Wealth Management of the Company

The Company used the internal temporary idle funds for the purpose of entrusted wealth management to increase the capital efficiency. The Supervisory Committee considered that the entrusted wealth management will not affect the normal operation of the Company or harm the interest of the Company or its shareholders on the basis that the Company ensures the capital safety, the compliance of the operation with laws and regulations and normal production and operation.



## REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

### III. OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY *(Continued)*

#### (VII) Opinion on the issuer

The Company issued ultra-short term financing bonds which is conducive to expand financing channel, optimizing and adjusting the debt structure of the Company, reducing financing cost and further enhancing financing efficiency and industry influence, which, to the believe of the supervisory committee, would not be detrimental to the interest of the Company or shareholders.

#### (VIII) Review of and Opinions on Internal Control Self-assessment Report

Upon review of the 2022 Annual Internal Control Evaluation Report of Inner Mongolia Yitai Coal Co., Ltd., the Supervisory Committee was of the view that such report was in compliance with the provisions of the Basic Rules for Internal Control of Companies and supporting guidelines thereof and other internal control regulatory requirements, and gave a comprehensive, objective and true view of the actual conditions of the Company's internal control. Between 1 January and 31 December 2022, no material or significant defects were found in the design or execution of the Company's internal control.

In 2022, as the supervisors of the Company, with the notion of being responsible for shareholders' interests, we prudently performed our duties of supervision according to the relevant laws and regulations, over the production and operation of the Company and the performance of duties by the Directors and senior management of the Company.

In 2023, we will responsibly adhere to our commitment to the Company and its shareholders, prudently and diligently exercise the right and discharge the duties of Supervisors in compliance with the laws and regulations and protect the legal interests of the Company and the its shareholders as a whole.

The Supervisory Committee of Inner Mongolia Yitai Coal Co., Ltd.  
29 March 2023

### I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE AND MANAGEMENT OF INSIDER REGISTRATION

During the reporting period, the Company strictly followed the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and the relevant national laws and regulations, further improved the corporate governance structure of the Company, established a sound internal control system, standardized the Company's operations, and continuously improved the level of information disclosure and risk management.

- (I) Shareholders and general meetings: During the reporting period, the Company held 1 annual general meeting and 3 extraordinary general meetings. The convening, holding, proposal and voting procedures of the general meeting were in compliance with the requirements of the Company Law and the Articles of Association. The convening and holding of the Company's shareholders' meeting was witnessed by lawyers on-site or by video, and a legal opinion certifying was issued. The Company's general meeting shall review the connected transactions in strict accordance with the prescribed procedures, and the connected shareholders abstained from voting to ensure the relevant connected transactions were considered in accordance with the principle of open, fair, just and reasonable. The Company adheres to the principle of integrity and emphasizes on achieving reasonable returns for investors. The Company runs a proactive investor relations program to ensure smooth communication and exchanges with investors, and improves the quality and transparency of company information disclosure.
- (II) Controlling shareholders and the listed company: The controlling shareholders of the Company have standardized behavior and can exercise the rights of investors according to laws, without ultra vires interference in the operation of the Company and obtaining additional benefits. The Company is separated from the controlling shareholder in terms of personnel, assets and finance. The agencies and business are independent, accounting and undertaking responsibilities And risks independently. The board of directors, the Supervisory Committee and internal organizations of the company operate independently.
- (III) Directors and the Board: The convening of the Board meeting of the Company was carried out in strict compliance with the relevant laws and regulations. During the reporting period, the Company convened 8 Board meetings. The Board of the Company has scientific composition, clear responsibilities and sound system. The Independent Director mechanism has been effectively implemented, and the Directors of the Company can perform their duties diligently and fully exercise and perform the rights and obligations of Directors. The Board makes decisions on the daily operation and management of the Company, is responsible for and reports to the general meeting of shareholders. The five special committees of audit, nomination, remuneration and appraisal, strategy and production under the Board have performed various functions in accordance with the relevant mechanisms of the Company.
- (IV) Supervisors and the Supervisory Committee: During the reporting period, the Company convened 6 meetings of the Supervisory Committee. The Supervisory Committee of the Company shall exercise the functions and powers conferred by laws, regulations, the Articles of Association and the general meeting of shareholders, be responsible for and report to the general meeting of shareholders. Adhering to the spirit of being responsible to shareholders, the supervises the legality and compliance of the financial position of the Company and the performance of duties by Directors and senior managers according to law, and fully protects the legitimate rights and interests of the Company and the majority of shareholders.



## CORPORATE GOVERNANCE (Continued)

### I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE AND MANAGEMENT OF INSIDER REGISTRATION (Continued)

(V) Stakeholders: The Company fully respects and safeguards the legitimate rights of stakeholders, and is able to actively cooperate with stakeholders to jointly promote the rapid development of the Company and social harmony and stability. The Company actively fulfilled its social responsibilities and paid attention to social public welfare undertakings. During the reporting period, the Company donated a total of RMB230 million.

(VI) Information disclosure and the management of the investors: The Company timely and accurately discloses regular reports and interim reports on the designated website to help investors fully and timely understand the Company's production and operation dynamics and relevant operation data. Through "E-interaction", telephone, and e-mail, fully communicated with investors and established effective channels for communication with shareholders.

### II. PARTICULARS OF GENERAL MEETINGS HELD DURING THE REPORTING PERIOD

Session of the meeting	Convening date	Resolutions of the meeting	Status of resolutions	Enquiry index of the designated website for the publication of the proposals	Dates of publication of the resolutions
The first extraordinary general meeting in 2022 (the "first EGM in 2022") (Note 1)	1 March 2022	<ol style="list-style-type: none"> <li>To consider and approve the resolution in relation to the Recognition of the capital contribution to Zhunshuo Railway Co.,Ltd. by the Company.</li> <li>To consider and approve the resolution in relation to the disposal of assets by Yitai Xinjiang Energy Co.,Ltd.,the holding subsidiary of the Company, toXinjiang Zhongbu Hoshine Silicon Industry Co.,Ltd.</li> <li>To consider and approve the resolution in relation to the assets retirement of Yitai Xinjiang Energy Co., Ltd., the holding subsidiary of the Company.</li> </ol>	All passed	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	01 March 2022 02 March 2022
Annual general meeting for 2021 (the "2021 AGM") (Note 2)	28 June 2022	<ol style="list-style-type: none"> <li>To consider and approve the resolution relating to the financial report of the Company for the year 2021.</li> <li>To consider and approve the resolution relating to the report of the board of directors of the Company for the year 2021.</li> <li>To consider and approve the resolution relating to performance report of the independent directors of the Company for the year 2021.</li> <li>To consider and approve the resolution relating to the report of the supervisory committee of the Company for the year 2021.</li> <li>To consider and approve the resolution relating to the profit distribution plan of the Company for the year 2021.</li> </ol>	All passed	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	28 June 2022 29 June 2022

## CORPORATE GOVERNANCE (Continued)

### II. PARTICULARS OF GENERAL MEETINGS HELD DURING THE REPORTING PERIOD (Continued)

Session of the meeting	Convening date	Resolutions of the meeting	Status of resolutions	Enquiry index of the designated website for the publication of the proposals	Dates of publication of the resolutions
		6. To consider and approve the resolution relating to the Company's capital expenditure in 2022.			
		7. To consider and approve the resolution relating to the revision of the transaction term and the original annual caps for the two years ending 31 December 2023 of provision of products by Yitai Investment to the Company and/or its subsidiaries under the Yitai Investment Framework Agreement on Purchase and Sale of Products and Services.			
		8. To consider and approve the resolution relating to the estimates of the provision of guarantee by the Company for its holding subsidiaries in 2022.			
		9. To consider and approve the resolution relating to the estimates of the provision of guarantee by the Company for commercial acceptance bill financing business of its certain wholly-owned subsidiaries and holding subsidiaries in 2022.			
		10. To consider and approve the resolution relating to the entrusted wealth management with temporarily idle self-owned funds of the Company.			
		11. To consider and approve the resolution relating to the re-appointment of financial audit institution of the Company for the year 2022.			
		12. To consider and approve the resolution relating to the re-appointment of internal control audit institution of the Company for the year 2022.			
		13. To consider and approve the resolution relating to the adjustment of entrusted management fees for the coal mines owned by the Company and its holding subsidiaries.			
The second extraordinary general meeting in 2022 (the "second EGM in 2022") (Note 3)	27 October 2022	1 To consider and approve the resolution relating to the adjustment to the estimates of the provision of guarantee by the Company for commercial acceptance bill financing business of its certain wholly-owned subsidiaries and holding subsidiaries in 2022.	All passed	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	27 October 2022 28 October 2022
		2 To consider and approve the resolution relating to the revision of the original annual caps for the two years ending 31 December 2023 of the provision of products by Yitai Group and/or its subsidiaries to the Company and/or its subsidiaries under the Yitai Group Framework Agreement on Purchase and Sale of Products and Services.			



## CORPORATE GOVERNANCE (Continued)

### II. PARTICULARS OF GENERAL MEETINGS HELD DURING THE REPORTING PERIOD (Continued)

Session of the meeting	Convening date	Resolutions of the meeting	Status of resolutions	Enquiry index of the designated website for the publication of the proposals	Dates of publication of the resolutions
The third extraordinary general meeting in 2022 (the "third EGM in 2022") (Note 4)	29 December 2022	1 To consider and approve the resolution relating to the entering in to of the Revised Financial Services Framework Agreement with Inner Mongolia Yitai Finance Co.,Ltd. and new annual caps for the year ending 31 December 2023.	All passed	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	29 December 2022 30 December 2022
		2 To consider and approve the resolution relating to the proposed amendments to the Rules of Procedures for the Shareholders' General Meeting of the Company.			
		3 To consider and approve the resolution relating to the proposed amendments to the Rules of Procedures for the Board of Directors of the Company.			
		4 To consider and approve the resolution relating to the proposed amendments to the Rules of Procedures for the Supervisory Committee of the Company.			
		5 To consider and approve the resolution relating to the proposed amendments to the Management System for External Guarantees of the Company.			
		6 To consider and approve the resolution relating to the proposed issuance of super short-term commercial papers.			
		6.1 Scale of registration of the super short-term commercial papers			
		6.2 Validity period of registration and term of maturity			
		6.3 Interest rate and method of determination			
		6.4 Issuance targets			
		6.5 Use of proceeds			
		6.6 Date of issuance			
		6.7 Authorization related to the issuance			
		7 To consider and approve the resolution relating to the proposed amendments to the Articles of Association of the Company.			

#### Notes:

- For details of the resolutions passed in the meeting, please refer to the announcement of the Company dated 1 March 2022.
- For details of the resolutions passed in the meeting, please refer to the announcement of the Company dated 28 June 2022.
- For details of the resolutions passed in the meeting, please refer to the announcement of the Company dated 27 October 2022.
- For details of the resolutions passed in the meeting, please refer to the announcement of the Company dated 29 December 2022.

## CORPORATE GOVERNANCE (Continued)

### III. DIRECTORS' PERFORMANCE OF THEIR DUTIES

#### (I) Particulars of Directors' Attendance in Board Meetings and General Meetings during the reporting period

	Whether or not an independent non-executive director	Mandatory times of attendance in Board meetings during the year	Attendance of Board meeting(s)				Whether or not he has been absent in person for two consecutive times	Attendance rate of Board meetings (%)	Attendance in general meeting(s)	
			Times of attendance in person	Times of attendance by telecommunication	Times of attendance by proxy	Times of absence			Times/ Number of attendance in general meetings	Attendance rate of general meetings (%)
Zhang Jingquan 張晶泉	No	8	8	7	0	0	No	100	4/4	100
Liu Chunlin 劉春林	No	8	8	7	0	0	No	100	3/4	75
Ge Yaoyong (Note C) 葛耀勇	No	8	8	7	0	0	No	100	3/4	75
Zhang Dongsheng (Note C) 張東升	No	8	8	7	0	0	No	100	4/4	100
Liu Jian (Note C) 劉劍	No	8	8	7	0	0	No	100	4/4	100
Lv Junjie 呂俊傑 (Note A)	No	8	8	7	0	0	No	100	3/3	100
Zhao Like 趙立克	No	8	8	7	0	0	No	100	2/4	50
Huang Sujian 黃速建 (Note B)	Yes	8	8	8	0	0	No	100	3/3	100
Wong Hin Wing 黃顯榮	Yes	8	8	8	0	0	No	100	4/4	100
Du Yingfen 杜瑩芬	Yes	8	8	8	0	0	No	100	4/4	100
E Erdun Tao Ketao 額爾敦陶克濤	Yes	8	8	8	0	0	No	100	4/4	100

Note A: Lv Junjie resigned as an executive director of the Company on 13 December 2022.

Note B: Huang Sujian ceased to serve as an independent non-executive director of the Company on 29 November 2022.

Note C: Ge Yaoyong, Zhang Dongsheng and Liu Jian resigned as executive directors of the Company on 10 March 2023.



## CORPORATE GOVERNANCE (Continued)

### III. DIRECTORS' PERFORMANCE OF THEIR DUTIES (Continued)

#### (I) Particulars of Directors' Attendance in Board Meetings and General Meetings during the reporting period (Continued)

During the reporting period, none of the directors of the Company was absent for two consecutive times in person at Board meetings.

Number of Board meetings convened during the year	8
Of which: Number of meetings held by teleconference	7
Number of meetings held both on-site and via teleconferencing	1

#### (II) Matters voted against by the independent non-executive directors of the Company

During the reporting period, the Company's independent non-executive directors has no disagreement on the proposals put forward by the Board, nor those put forward apart from those of the meetings of the Board held by the Company for the year.

#### (III) Others

During the reporting period, all directors exercised their rights and assumed obligations in strict accordance with the listing rules of the two places and the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd., made prudent and scientific decisions in performing their duties with integrity and diligence, and made positive contributions to the development of the Company.

### IV. IMPORTANT OPINION AND RECOMMENDATIONS PROPOSED DURING THE REPORTING PERIOD OF PERFORMING DUTIES BY THE SPECIAL COMMITTEE ESTABLISHED UNDER THE BOARD DURING THE REPORTING PERIOD

Nil

### V. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company has no disagreement with supervision matters during the reporting period.





## CORPORATE GOVERNANCE (Continued)

### VI. EXPLANATION BY THE COMPANY ON INDEPENDENCE AND SELF-OPERATION CAPABILITY OF THE CONTROLLING SHAREHOLDERS WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE

The Company is completely independent of the Company's controlling shareholders (the "**Controlling Shareholder(s)**") with respect to business, personnel, assets, organization and finance, and is able to make decisions independently and operate autonomously. For the perspective of business, the Company owns independent and complete production, transportation and sales system, and is capable to operate autonomously, independently develop various businesses, and independently assume responsibility and risks. For personnel, the Company has established an independent human resources department, built a sound system for personnel management, developed an independent system for personnel employment, arrangement, assessment and appointment, independently decided to hire and dismiss the personnel in the Company, and it does not exist any intervention of appointment of personnel by the Controlling Shareholder in the Company. For assets, there is a transparent relationship between the Company and the Controlling Shareholder, and the Company owns integrated production equipment and places for operation, ensuring the completeness of assets during the production process. For institution, with sound and complete organizational and institutional system, the Company's holding subsidiaries and functional departments operate independently, and are not dependent on the Controlling Shareholder. In financial aspect, the Company has an independent financial accounting department to establish an independent accounting and auditing system and financial management system. Also, the Company has established independent financial accounts, so there does not exist sharing of bank accounts with the Controlling Shareholder.

### VII. PARTICULARS OF THE ASSESSMENT MECHANISM FOR SENIOR MANAGEMENT AND OF THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

Incentive mechanism of the Company has been implemented according to the Measures Regarding the Annual Remuneration for the Directors and Senior Management of the Company (《公司關於董事及高級管理人員年薪報酬的方案》). During the reporting period, the Company set up a system in the enterprise in which the management personnel was competitive and capable to take up different tasks, where employees were talented and proactive, and operating results with flexible revenue were prioritized. Position management was regarded as the core and competitive position was regarded as the basis and thus, a human resources management system backed by sound remuneration system, result assessment system and profession development system was formed.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES

#### Corporate Governance Practices

The board of directors (the “**Board**”) of the Company has committed to maintaining high corporate governance standards.

The Company’s corporate governance practices are based on the principles and code provisions (the “**Code Provision(s)**”) as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles set out in the CG Code contained in Appendix 14 to the Listing Rules.

The Board is of the view that throughout the year ended 31 December 2022, the Company has complied with all the applicable Code Provisions as set out in the CG Code.

#### Directors’ and Supervisors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the directors and supervisors and all directors and supervisors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

The Company has also adopted the Model Code as the guidelines (the “**Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Guidelines by the employees was noted by the Company.

## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Board of Directors

During the year ended 31 December 2022 and up to the date of this report, the Board of the Company comprises the following directors:

##### **Executive Directors:**

Zhang Jingquan

Liu Chunlin

Zhao Like

Li Juncheng (appointed on 27 March 2023)

Yang Jialin (appointed on 27 March 2023)

Bian Zhibao (appointed on 27 March 2023)

Ge Yaoyong (resigned on 10 March 2023)

Zhang Dongsheng (resigned on 10 March 2023)

Liu Jian (resigned on 10 March 2023)

##### **Independent Non-executive Directors:**

Huang Sujian (resigned on 29 November 2022)

Wong Hin Wing

Du Yingfen

E Erdun Tao Ketao

The biographical information of the directors are set out in the section headed “Directors, Supervisors, Senior Management and Employees” on pages 89 to 100 of this report.

Save as disclosed in the section headed “Directors, Supervisors, Senior Management and Employees” in this report, none of the members of the Board is related to one another, including financial, business, family or other material/relevant relationships.

#### Chairman and General Manager

As of 31 December 2022, the positions of Chairman and General Manager are held by Zhang Jingquan and Liu Jian respectively. The Chairman is responsible for the effective functioning and leadership of the Board. The General Manager focuses on the Company’s business development and daily management and operations generally.

#### Independent Non-executive Directors

During the year ended 31 December 2022, the Board has fulfilled the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors are independent.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Independent Non-executive Directors (Continued)

The Company has established mechanisms to ensure independent views and input are available to the Board, including without limitation by reviewing that the independent non-executive Directors have appropriate qualifications and expertise from time to time with sufficient time commitment to the Group, that the number of independent non-executive Directors comply with the requirements of the Listing Rules, and that channels are established (including without limitation at Board meetings) to assess and evaluate the independent non-executive Directors' contribution and views. The implementation and effectiveness of such mechanisms will be reviewed by the Board on an annual basis.

#### Directors' Re-election

Code Provision B.2.2 of the CG Code stipulates that Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the directors of the Company, including Independent Non-executive Directors, is appointed for a specific term of 3 years and is subject to retirement by rotation once every three years.

#### Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board made decisions objectively in the interests of the Company.

All directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary of the Company (the "**Company Secretary**") and senior management. The directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management (including environmental, social and governance risk), material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2022, the following directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Event/Topic <sup>note</sup>
<b>Executive Directors</b>	
Zhang Jingquan	2,3,4,5,6
Liu Chunlin	3,4,5,6
Zhao Like	3,4,5,6
Ge Yaoyong (resigned on 10 March 2023)	3,4,5,6
Zhang Dongsheng (resigned on 10 March 2023)	3,4,5,6
Liu Jian (resigned on 10 March 2023)	2,3,4,5,6
Lv Junjie (resigned on 13 December 2022)	3,4,5,6
<b>Independent non-executive Directors</b>	
Wong Hin Wing	1
Du Yingfen	1
E Erdun Tao Ketao	1
Huang Sujian (resigned on 29 November 2022)	1



## CORPORATE GOVERNANCE *(Continued)*

### VIII. CORPORATE GOVERNANCE PRACTICES *(Continued)*

#### Continuous Professional Development of Directors *(Continued)*

*Notes:*

1. The Special Training on the Analysis of the Rules for Independent Directors of Listed Companies held by the China Association for Public Companies;
2. Inner Mongolia Listed Companies' Supervision Work Conference for 2022 held by Inner Mongolia Securities Supervisory Bureau;
3. The Special Training on Merger and Acquisitions and Restructurings in Inner Mongolia held by the China Association for Public Companies;
4. The Training Session on the Integration of Regulatory Regulations for Listed Companies held by Inner Mongolia Securities Supervisory Bureau;
5. The Special Training to Crack Down on Financial Fraud and Resolutely Eliminate the Appropriation of Funds held by the China Association for Public Companies;
6. Interpretation and Practical Analysis of the Rules on Share Repurchases by Listed Companies held by the China Association for Public Companies.

In addition, relevant reading materials including legal and regulatory update have been provided to the directors for their reference and studying.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Board Committees

The Board has established five committees, namely, the Strategy Committee, Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Production Committee, for overseeing particular aspects of the Company's affairs. The terms of reference of all the above Board committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to shareholders upon request.

#### Strategy Committee

For the year ended 31 December 2022, the Strategy Committee comprised a total of 9 members, being 6 Executive Directors, namely Zhang Jingquan (Chairman), Liu Chunlin, Ge Yaoyong, Zhang Dongsheng, Liu Jian and Zhao Like, and 3 Independent non-executive Directors, namely Wong Hin Wing, Du Yingfen and E Erdun Tao Ketao.

The primary duties of the Strategy Committee are to formulate the Company's overall development plans and investment decision-making procedures.

The responsibilities of the Strategy Committee include, among others:

- Reviewing the long-term development strategies
- Reviewing major issues affecting the Company's development
- Reviewing significant capital expenditure, investment and financing projects that require approval of the Board

The Strategy Committee held one meeting during the year to review capital expenditure of the Company for the year 2022.

#### Audit Committee

For the year ended 31 December 2022, the Audit Committee comprised a total of 3 members, all being Independent non-executive Directors, namely Du Yingfen (Chairman), Wong Hin Wing and E Erdun Tao Ketao.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, the internal audit function, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held 4 meetings to review the Group's annual financial results and reports, interim results, quarterly results, internal control and risk management systems, appointment of external auditors and internal audit institutions, changes in accounting policies, review of related party transactions and continuing connected transactions etc.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Remuneration and Appraisal Committee

For the year ended 31 December 2022, the Remuneration and Appraisal Committee comprised a total of 6 members, being 3 Executive Directors, namely Zhang Jingquan, Liu Chunlin and Liu Jian, and 3 Independent non-executive Directors, namely Du Yingfen, Wong Hin Wing and E Erdun Tao Ketao.

The primary functions of the Remuneration and Appraisal Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration and Appraisal Committee held one meeting during the year to review and make recommendation to the Board on the remuneration of the directors of the eighth session of the Board and the senior management, the remuneration policy and structure, and the evaluation of the performance of the directors and senior management of the Company.

Please refer to the (III) Particulars Concerning Remuneration of the Directors, Supervisors and Senior Management section headed “DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES” for remuneration policy of directors and senior management of the Company for details.

#### Nomination Committee

For the year ended 31 December 2022, the Nomination Committee comprised a total of 6 members, being 3 Executive Directors, namely Zhang Jingquan, Liu Chunlin and Liu Jian, and 3 Independent non-executive Directors, namely Du Yingfen, Wong Hin Wing and E Erdun Tao Ketao (Chairman).

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, conducting appraisal on candidates for the secretary of the Board nominated by the chairman and candidates for deputy manager and chief financial officer nominated by the manager, and provide appraisal opinions to the Board, conducting inspection of the candidates of directors, president and the secretary of the Board, formulating the Board diversity policy and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and national and industrial experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. For summary of the Board diversity policy, please refer to the content in page 54 of Section V – Other Disclosures under “Reports of Directors” of this report.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.





## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Nomination Committee (Continued)

The Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. External recruitment professionals might be engaged to carry out selection process when necessary.

The Nomination Committee held 2 meetings during the year to review the structure, size and composition of the Board and the independence of the independent non-executive directors of the Company, to review the training and continuing professional development of the directors and senior management of the Company.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

#### Production Committee

For the year ended 31 December 2022, the Production Committee comprised a total of 4 members, being 3 Executive Directors, namely Zhang Jingquan (Chairman), Ge Yaoyong and Liu Jian, and one Independent non-executive Director, namely Du Yingfen.

The primary duties of the Production Committee are to supervise and control the production volumes of our coal mines.

The responsibilities of the Production Committee include, among others:

- Determining the annual planned production volumes of the relevant coal mines for the following year with reference to the assessed capacities and market conditions
- Reviewing the Company's actual production volumes
- Considering whether the Company needs to revise the annual planned production volumes of the relevant coal mines or to apply to increase the assessed capacities

The Production Committee held one meeting during the year to review 2022 annual production plan of the Company.

#### Corporate Governance Functions

The Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, the Guideline and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Attendance Record of Directors and Committee Members

The attendance record of each director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2022 is set out in the table below:

Name of Director	Attendance/Number of meetings							
	Board	Nomination Committee	Remuneration and Appraisal Committee	Audit Committee	Production Committee	Strategy Committee	Annual general meeting	Other general meetings (if any)
Zhang Jingquan	8/8	2/2	1/1	N/A	1/1	1/1	1/1	3/3
Liu Chunlin	8/8	2/2	1/1	N/A	N/A	1/1	1/1	2/3
Zhao Like	8/8	N/A	N/A	N/A	N/A	1/1	0/1	2/3
Wong Hin Wing	8/8	2/2	1/1	4/4	N/A	1/1	1/1	3/3
Du Yingfen	8/8	2/2	1/1	4/4	1/1	1/1	1/1	3/3
E Erdun Tao Ketao	8/8	2/2	1/1	4/4	N/A	1/1	1/1	3/3
Lv Junjie (Note A)	8/8	N/A	N/A	N/A	N/A	1/1	1/1	2/2
Huang Sujian (Note B)	8/8	2/2	1/1	4/4	1/1	1/1	1/1	2/2
Ge Yaoyong (Note C)	8/8	N/A	N/A	N/A	1/1	1/1	1/1	2/3
Zhang Dongsheng (Note C)	8/8	N/A	N/A	N/A	N/A	1/1	1/1	3/3
Liu Jian (Note C)	8/8	2/2	1/1	N/A	1/1	1/1	1/1	3/3

Note A: Lv Junjie resigned as an executive director of the Company on 13 December 2022.

Note B: Huang Sujian ceased to serve as an independent non-executive director of the Company on 29 November 2022.

Note C: Ge Yaoyong, Zhang Dongsheng and Liu Jian resigned as executive directors of the Company on 10 March 2023.

Apart from regular Board meetings, the chairman also held meetings with the independent non-executive directors without the presence of other directors during the year.

#### Directors' Responsibility in Respect of the Financial Statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 161 to 167 of this annual report.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Senior management's remunerations

The senior management's remunerations are determined by the Board with reference to their duties, responsibilities and performance and the results of the Group. Remunerations paid to a total of 4 senior management (excluding directors and supervisors) by bands for the year ended 31 December 2022 is set out below:

Remuneration bands	Number of individuals
RMB1 million and below	0
RMB1 million to RMB2 million	1
RMB2 million to RMB3 million	1
Over RMB 3 million	2

#### Auditors' Remuneration

An analysis of the remuneration paid to the external auditor of the Company, Da Hua Certified Public Accountants (Special General Partnership), in respect of audit services and non-audit services for the year ended 31 December 2022 is set out below:

Service category	Fees paid/payable
Audit Services	RMB4.55 million
Non-audit Services <sup>Note A</sup>	RMB0.55 million

Note A: Nature of non-audit services: other consulting services.

#### Risk Management and Internal Controls

During the year under review, the Board conducted one review of the effectiveness of the risk management and internal control systems of the Group, covering all material aspects of internal control, including internal control, operational control and compliance control for the year ended 31 December 2022. The Board also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board is responsible for the risk management and internal control systems, and reviewed the effectiveness on such systems. Details as follows:

1. The Company established a sound internal control system, (i) Audit Committee was set up under the Board to be responsible for the communication, inspection and supervision on external audit, reviewing and monitoring the financial control, internal control and risk management systems; and to ensure the establishment of an effective internal control system by which the management fulfils their duty; and to study the substantive investigation results for internal control and responses to such results from the management, on a voluntary basis or based on the appointment of the Board; (ii) the in-house audit department of the Company is in charge of the organization and implementation of internal control and assessment, and to assess on the high-risk areas and entities which are included in the assessment scope; (iii) the internal control and assessment group is in charge of the organisation and assessment of the detailed internal control and is accountable to the Board.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Risk Management and Internal Controls (Continued)

2. In order to further reinforce and standardise on the internal control of the Company, ensure the activities of the Company to be conducted in a standardised and orderly manner, enhance the operation, management and risk prevention capability of the Company and to promote its sustainable development, implement Basic Rules for Internal Control of Companies (《企業內部控制基本規範》) and the relevant requirements of the related guidelines. The Company formulated the Internal Control System of Inner Mongolia Yitai Coal Co., Ltd. (《內蒙古伊泰煤炭股份有限公司內部控制制度》), thereby rectified the core internal control procedures in its management and operation, and prepared the Internal Control Manual of Inner Mongolia Yitai Coal Co., Ltd. (《內蒙古伊泰煤炭股份有限公司內部控制手冊》), thereby established a systematic assurance on the implementation, supervision and assessment of the internal control of the Company.
3. The internal control and assessment group will conduct assessment on the reasonableness and operating efficiency of the design of the internal control of the departments and subsidiaries which are included in the assessment scope in accordance with the 2022 Internal Control and Assessment Plan of Inner Mongolia Yitai Coal Co., Ltd. (《內蒙古伊泰煤炭股份有限公司2022年內部控制評價方案》). Please refer to Appendix II 2022 Internal Control Self-Assessment Report of Inner Mongolia Yitai Coal Co., Ltd (《內蒙古伊泰煤炭股份有限公司2022年內部控制自我評價報告》) for the details of internal control.
4. The Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the Guidelines on Disclosure of Inside Information published by the Securities and Future Commission in June 2012, and established special agency and appointed special personnel being responsible for registration and management of insiders, also set up internal management files for insiders management which subject to regular updating. Meanwhile, regular trainings have been conducted by the Group engaged by the insiders and management staff to enhance awareness of consciously observing relevant laws of insiders.

The Group has established the Insider Management System in respect of senior management and employee who are familiar with insider information and other information unpublished by the Group in accordance with the Guidelines on Disclosure of Inside Information, which provides that confidential and inside information shall not be used without authorization, and only executive directors and the Board secretary are authorized to communicate with external persons for inquiry and responding procedure of the Group's affairs.

There were no major breaches in the risk management and internal control systems that may have had an impact to the shareholders' interests, and the risk management and internal control systems were deemed to be effective and adequate.

In 2022, centering on five internal control elements of financial monitoring, risk assessment, compliance monitoring and communication and regulation, the Group implemented comprehensive inspection of the effectiveness of the Company's internal control system in 2022, including mechanisms for communication with and feedback from auditors on statutory audit work. Through the assessment of the Group's internal control system by the Audit Committee and the internal control department, the Board held that within the reporting period, no material failure or weakness was found in respect of risk monitoring. In addition, the Group had a complete internal control system covering corporate governance, operation, investment, finance, administration and human resources, and the internal control system could play its effective role.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Risk Management and Internal Controls (Continued)

Rather than eliminating the risk of failing to achieve the business goal, the risk management and internal control system of the Group aims to manage such risk and can only provide reasonable but not absolute guarantee that there are no material misrepresentations or losses.

For more details in relation to internal control, please refer to Appendix II of this report.

#### Joint Company Secretaries

Mr. He Peixun (“**Mr. He**”) and Mr. Wong Wai Chiu (“**Mr. Wong**”) are currently the joint company secretaries of the Company. Mr. Wong is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited (an external service provider), fulfils the qualification requirements laid down in the Listing Rules. Mr. He is the primary contact person of Mr. Wong. Regarding the biographical details of Mr. He, please refer to the section headed “DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES” of this annual report.

Herebelow are the biographical details of Mr. Wong:

Mr. Wong is an Associate Director of SWCS Corporate Services Group (Hong Kong) Limited. Mr. Wong has over 30 years of professional services and senior management experience including acting as the chief financial officer, company secretary, information technology director and law enforcement officer in the areas of finance, accounting, regulatory compliance and enforcement, internal control, corporate governance, company secretarial work, trust and forensics accounting in multi-national banking, insurance, securities and information technology corporations and listed companies in Hong Kong as well as government departments and Hong Kong Stock Exchange. Mr. Wong is a fellow of The Hong Kong Chartered Governance Institute, a fellow of the Chartered Governance Institute, a member of CPA Australia, a member of the Hong Kong Trustee Association and a certified trust practitioner. Mr. Wong possesses a Bachelor of Social Sciences with honours in Accounting from the University of Hong Kong and various master’s degrees and diploma in law, alternate dispute resolution, corporate governance and information technology from renowned universities of U.K., Australia and Hong Kong.

During the reporting period, Mr. He and Mr. Wong, the Joint Company Secretaries, have complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Dividend Policy

According to paragraph 16.15 of the Company's Articles of Association, profit distribution policies of the Company are specified as follows:

- (1) Subject to conditions, interim profit distribution may be made by the Company;
- (2) Specific conditions and ratios for distributing cash dividend by the Company: If the Company's profit for the year and its total unappropriated profit are positive, the Company may distribute dividend in cash and the profit to be distributed in cash. The Company may distribute dividend in cash per annum not less than 10% of distributable profit for the year, and profit distributed cumulatively in cash in the last three years should not less than 30% of average distributable profit in the recent three years. Taking into account features of the industries where the Company operates, its development stage, business model, profit level and whether it has significant capital expenditure plans, the Company shall make sure that cash dividends to be distributed represent at least 40% of the profit distribution;
- (3) Specific conditions for distributing dividends in shares by the Company: Where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all shareholders of the Company as a whole, provided that the above conditions of cash dividend are fully met, the Company may propose dividend distribution in shares;
- (4) Profit shall be distributed in cash at least one time for every 3 consecutive years. When the Company distributes profits, cash dividends is in preference to the share dividend.

The dividends paid by the Company shall be declared in RMB, and shall be paid to holders of domestic legal person's shares in RMB, paid to holders of domestically-listed foreign shares in US dollars, and paid to holders of H shares in Hong Kong dollars. The applicable exchange rate shall be the average closing rate for the US dollars and RMB and the average closing rate for the Hong Kong dollars and RMB announced by the People's Bank of China at the first business day on which the relevant resolution is passed at the shareholders' general meeting. Any amount paid upon any shares before a call is made shall bear interest thereon. However, the shareholder is not entitled to any dividends of such prepaid share capital declared subsequently.

#### Shareholders' Rights

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Convening an Extraordinary General Meeting by Shareholders

Extraordinary general meetings may be convened by the Board or by the Supervisory Committee if the Board does not do so, on requisition of shareholders, individually or jointly, holding 10% or more of the Company's issued and outstanding voting shares (the "**Requisitionist(s)**"). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s).

#### Putting Forward Proposals at General Meetings

Shareholders severally or jointly holding 3% or more of the total number of shares carrying voting rights shall have the right to propose motions to the Company and the Company shall include the matters falling within the scope of functions and powers of the shareholders' general meeting into the agenda of such meeting. Such shareholders can make and deliver the temporary proposals to the convener in writing 10 days or more prior to the shareholders' general meeting.

#### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

#### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia  
(For the attention of the Board secretary)  
Fax: (86 477) 8565415  
Email: [ir@yitaicoal.com](mailto:ir@yitaicoal.com)

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (86) 477-8565732 for any assistance.



## CORPORATE GOVERNANCE (Continued)

### VIII. CORPORATE GOVERNANCE PRACTICES (Continued)

#### Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

Save as the above mentioned, the Company organised large reversal roadshow and invited shareholders, investors and analysts to the Company for in-depth and effective communication with the management and visit to different sections of the Company for their further understanding thereto.

In addition, shareholders and investors are regularly received by the Company. The management of the Company will also communicate and exchange with investors and analysts outside office.

Through the above means, the Company delivers transparent operation and effective communication with shareholders and investors. After reviewing the channels of communicating with shareholders, the Board considers that the shareholder communication policy has been appropriately implemented and effective during the year.

During the year under review, the Company adjusted the existing related notification procedures for the general meeting and other contents under the Articles of Association in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and other relevant laws and regulations and relevant regulatory requirements and in combination of the actual situation of the Company. Such amendments were considered and approved at the third extraordinary general meeting in 2022 annual general meeting convened on 29 December 2022. Currently, the effective date for the Articles of Association is 29 December 2022, which has been published on the websites of the Company and Hong Kong Stock Exchange.



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period

Unit: Share

Names	Position (Note)	Gender	Age	Starting date of term	End date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration before tax received from the Company for the reporting period (RMB'0'000)	Whether receive remuneration from related parties of the Company
Zhang Jingquan	Chairman	male	53	May 2020	May 2023	0	0	0	Nil	711.67	No
Liu Chunlin	Director (resigned)	male	56	May 2020	May 2023	0	0	0	Nil	2.4	Yes
Ge Yaoyong	Director (resigned)	male	53	May 2020	March 2023	0	0	0	Nil	2.4	Yes
Zhang Dongsheng	Director (resigned)	male	52	May 2020	March 2023	0	0	0	Nil	2.4	Yes
Liu Jian	Director (resigned), General Manager (resigned)	male	56	May 2020	March 2023	0	0	0	Nil	593.89	No
Zhao Like	Director (resigned)	male	41	December 2021	May 2023	0	0	0	Nil	2.4	Yes
Lv Junjie	Director (resigned), Deputy Manager (resigned)	male	55	May 2020 March 2023	December 2022	0	0	0	Nil	529.12	No
Li Juncheng	Executive Director	male	45	March 2023	May 2023	0	0	0	Nil	0	Yes
Yang Jialin	General manager	male	48	March 2023	May 2023	0	0	0	Nil	232.99	No
Bian Zhibao	Deputy general manager	male	46	March 2023	May 2023	0	0	0	Nil	132.22	Yes
Huang Sujian	Independent Director (resigned)	male	68	May 2020	November 2022	0	0	0	Nil	18.33	No
Wong Hin Wing	Independent Director	male	61	May 2020	May 2023	0	0	0	Nil	25	No
Du Yingfen	Independent Director	female	59	May 2020	May 2023	0	0	0	Nil	20	No
E Erdun Tao Ketao	Independent Director	male	60	June 2021	May 2023	0	0	0	Nil	20	No
Zhang Wei	Supervisor and Chairman of the Supervisory Committee	female	41	May 2020 July 2021	May 2023 May 2023	0	0	0	Nil	316.85	Yes
Liu Xianghua	Supervisor	male	45	May 2020	May 2023	0	0	0	Nil	1.2	No
Jia Zheyu	Supervisor	female	41	December 2020	May 2023	0	0	0	Nil	75.63	No
Chen Rong	Supervisor	female	34	December 2021	May 2023	0	0	0	Nil	1.2	Yes



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Names	Position (Note)	Gender	Age	Starting date of term	End date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/ decrease in number of shares during the year	Reason for the increase/ decrease	Total remuneration before tax received from the Company for the reporting period (RMB'000)	Whether receive remuneration from related parties of the Company
Wang Yongliang	Independent Supervisor	male	60	May 2020	May 2023	0	0	0	Nil	10	No
Wu Qu	Independent Supervisor	male	58	May 2020	May 2023	0	0	0	Nil	10	No
Li Hongbin	Chief Engineer	male	51	July 2021	May 2023	0	0	0	Nil	365.11	No
Jin Rong	Chief Finance Officer	male	48	December 2021	May 2023	0	0	0	Nil	341.85	No
Zhang Jun	Deputy Manager	male	48	May 2022	May 2023	0	0	0	Nil	256.17	No
Du Zhifei	Deputy Manager	male	51	March 2023	May 2023	0	0	0	Nil	116.82	No
He Peixun	Secretary to the Board	male	37	December 2020	May 2023	0	0	0	Nil	106.57	No
Total	/	/	/	/	/	0	0	0	/	3,894.22	/

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Zhang Jingquan	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Zhang was born in 1970 and graduated with a master's degree in business administration major of China Europe International Business School. Mr. Zhang worked in Yihua United Wool Manufacturing Factory (伊華聯合毛紡織工廠) from January 1994 to January 1998; served as the cashier in Tianjin Branch of the Company from March 1998 to August 2000; the manager of Guangzhou Sales Branch of the Operation Department under the Company from August 2000 to April 2001; the manager of the sales branch in South China of the Operation Department under the Company from April 2001 to August 2005; the deputy manager of the Operation Department under the Company and manager of the sales company in South China of the Company from February 2002 to March 2003. Mr. Zhang acted as the division chief of the Operation Division of Yitai Group from August 2005 to 5 March 2006; the manager of coal transportation and sales business department of Yitai Group from 5 March 2006 to 27 March 2006; the deputy general manager of Synfuels China Technology Co., Ltd. from March 2006 to November 2010 and the deputy general manager of Yili Energy from November 2010 to January 2012; the general manager of Xinjiang Energy from January 2012 to September 2017; the chairman and general manager of Xinjiang Energy from December 2012 to September 2017; the chairman of the Board and general manager of Yitai Chemical from September 2015 to March 2017; the general manager of the Company from September 2015 to March 2017; the director of Yitai Group since September 2015; a Director of the Company from December 2015 to May 2017; the vice president of Yitai Group since March 2017; the director of Yitai Investment since June 2017; the chairman of the Company since December 2019 and a director of Yitai Share HK since March 2023.</p>
Liu Chunlin	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Liu was born in 1967 and possesses a master's degree and a title of senior accountant. He worked in Ikocho League Coal Company from June 1989 to February 1993 and was appointed as the vice chief of the Finance Department of Yitai Group from February 1993 to August 1997 and as the director of the Finance Department of our Company from August 1997 to July 1999. Mr. Liu served as the financial director of our Company from July 1999 to October 2002, the deputy chief accountant of Yitai Group from October 2002 to May 2004, the vice president of our Company from May 2004 to October 2004 and has been the director and chief account of Yitai Group since June 2004. He has been the director and chief accountant of Yitai Investment since March 2006, a director of Yitai (Group) HK since October 2008, a vice president of Yitai Group since July 2018 and a Director of the Company since March 2001.</p>



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Ge Yaoyong	Gender: Male. Ethnicity: Han ethnicity. Mr. Ge was born in 1969 and possesses a master's degree and a title of senior engineer. He served as the deputy manager and the manager of E'qian League Coking Factory from November 1996 to March 2001, and was promoted as the deputy general manager of the Company from March 2001 to August 2005. Mr. Ge was appointed as the deputy chief engineer of Yitai Group from August 2005 to November 2008, and from November 2008 to March 2014, the general manager of the Company. He was appointed and still serves as the director of Yitai Group since November 2008. From March 2014 to January 2017, he served as the deputy general manager of Yitai Group. He acted as the general manager of Inner Mongolia Yitai Property Co., Ltd. (內蒙古伊泰置業有限責任公司) from July 2014 to September 2017 and has been acting as the chairman of Inner Mongolia Yitai Property Co., Ltd. (內蒙古伊泰置業有限責任公司) since July 2014. He has been the vice president of Yitai Group since January 2017, the director of Yitai Investment since June 2017 and a Director of the Company from December 2008 to March 2023.
Zhang Dongsheng	Gender: Male. Ethnicity: Han ethnicity. Mr. Zhang was born in 1971 and possesses a master's degree and titles of senior economist and business manager. He worked in Ikocho League Coal Company from October 1989 to January 2002, served as the director of the Operation Department of our Company from January 2002 to July 2005. Mr. Zhang was the deputy general manager of Inner Mongolia Yitai Zhundong Railway Co., Ltd. from August 2005 to January 2007, and served as the general manager of Huzhun Railway Company from January 2007 to August 2014, the chairman of Huzhun Railway Company from July 2009 to August 2014, a chairman of Inner Mongolia Yitai Zhundong Railway Co., Ltd. from November 2008 to August 2014, the director of Yitai Group since November 2008. He acted as the deputy general manager of Yitai Group from March 2014 to January 2017 and has been the director of Yitai Investment since January 2015. He has been the vice president of Yitai Group since January 2017 and a Director of the Company from May 2009 to March 2023.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Liu Jian	Gender: Male. Ethnicity: Han ethnicity, born in 1967, holds a doctoral degree. He graduated from the University Duisburg-Essen in July 2004 with a Doctor's degree in cardiology and graduated from School of Economics and Management of Tsinghua University in 2014 with an EMBA degree. He acted as the project manager in China of Germany Special Machinery Company (德國迪目根特種機器公司) from August 2004 to June 2005, executive deputy general manager of Inner Mongolia Yitai Pharmaceutical Co., Ltd. (內蒙古伊泰藥業有限責任公司) from August 2005 to February 2007, Mr. Liu was granted the qualification of fellow senior chief pharmacist by the Department of Personnel of Inner Mongolia Autonomous Region (內蒙古人事廳) in July 2006. He was the general manager of Inner Mongolia Yitai Pharmaceutical Co., Ltd. from February 2007 to August 2012. He was appointed as the deputy manager of the Company from December 2012 to November 2019. He has served as the Director of the Company from March 2019 to March 2023, and the general manager of the Company from November 2019 to March 2023.
Li Juncheng	Gender: Male. Ethnicity: Han ethnicity. Mr. Li was born in 1978, graduated from Tsinghua University with a PhD, a professor-level senior engineer. He served as a project engineer of China Shenhua Coal to Liquid and Chemical Co., Ltd. from July 2006 to July 2008; a visiting scholar of Berkde Oil & Gas Company (伯克德油氣公司) from July 2008 to August 2009; a vice chief engineer and technical director of the Coal Indirect Liquefaction Project Headquarters of Shenhua Ningxia Coal Industry Group Co., Ltd. under China Shenhua Group from September 2009 to December 2013; a deputy general manager of the coal chemical management division of the Company from January 2014 to January 2016; a general manager of the coal chemical management division of the Company from February 2016 to July 2018; the chairman of Inner Mongolia Yitai Petrochemical Co., Ltd. from March 2017 to July 2018; a dean of Inner Mongolia Yitai Coal-based New Materials Research Institute Co., Ltd. from July 2017 to July 2018; a vice president of Inner Mongolia Yitai Group Co., Ltd. since September 2017; a director and chief engineer of Inner Mongolia Yitai Group Co., Ltd. since March 2022 and a director of the Company since March 2023.



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Zhao Like	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Zhao was born in 1982 and possessed a bachelor's degree. He worked in Shandong Longkou Liu Hai Mining Co., Ltd. (山東龍口柳海礦業有限公司) from July 2004 to December 2005 and the Suancang Safety Supervision Station of the Safety Supervision Department from March 2006 to April 2007. He served as the director of comprehensive business of Safety Supervision Department from April 2007 to July 2009; the head of Kaida Mine Safety Supervision Station of the Company from August 2009 to August 2012; the vice director of Safety Supervision and Quality Control Department of the Company from August 2012 to March 2013; the deputy director of Safety Supervision Station of Guanglian Coal Chemical, the Safety and Quality Control Department of Yitai Group from March 2013 to July 2013; the director of the Safety Supervision Station of Guanglian Coal Chemical, the Safety and Quality Control Department of Yitai Group from July 2013 to January 2014; the safety deputy head of Hongjingta Mine No.1 mine of the Company from January 2014 to September 2014; the general manager and head of Inner Mongolia Yitai Tongda Coal Co., Ltd. (內蒙古伊泰同達煤炭有限責任公司), the Department of Coal Production of the Company from October 2014 to March 2015; the safety deputy general manager of the Department of Coal Production of the Company from March 2015 to January 2016; the deputy general manager of Coal Production Management Department of the Company from January 2016 to November 2016; the head of Kaida Mine of the Company from November 2016 to December 2017; and the general manager and head of Suancang Mine from January 2018 to November 2019. He was the deputy manager of the Company from November 2019 to July 2021. He has been acting as the vice president and chief engineer of Yitai Group since July 2021 and a director of the Company since December 2021.</p>
Yang Jialin	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Yang was born in 1975, a postgraduate and senior economist. He worked for Baotou planning division of the Company from January 1995 to March 1998; and served as a deputy chief of Beijing Dispatch Section of the Company from March 1998 to April 1999; a vice director of Beijing Dispatch Centre of Transportation Company under the Company from April 1999 to November 1999; the chief of the Business Division of Beijing Office of Yitai Group from November 1999 to August 2000; a deputy manager of North China Sales Branch of the Operation Company from August 2000 to April 2001; a manager of North China Sales Branch of the Operation Company from April 2001 to February 2002; a manager of East China Sales Branch of the Operation Department from February 2002 to April 2007; a deputy general manager of the coal distribution business division of Yitai Group from April 2007 to October 2008; a general manager of Inner Mongolia Yitai Petrochemical Co., Ltd. from March 2017 to July 2018; the chairman and general manager of Inner Mongolia Yitai Petrochemical Co., Ltd. from July 2018 to January 2020; the chairman and general manager of Yitai Chemical (Shanghai) Co., Ltd. from February 2020 to May 2020; the chairman and general manager of Inner Mongolia Yitai Petrochemical Co., Ltd. since June 2020; and a director and general manager of the Company since March 2023.</p>

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Lv Junjie	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Lv was born in 1967. He graduated from Huazhong University of Science and Technology with a master's degree in EMBA and is a senior economist. Mr. Lv Junjie worked as a teacher in Jungar Banner Nalin Middle School (准格爾旗納林中學) from July 1985 to July 1991; worked in the Administrative Department of Labour of Yimeng Coal Company (伊盟煤炭公司政工勞資科) from July 1991 to December 1991; acted as the secretary of Resident Chinese Communist Party Committee Office in Yimeng Coal Company from December 1991 to April 1992; acted as the deputy secretary and secretary of Communist Youth Party Committee of Yimeng Coal Company from April 1992 to April 1997; the director of Materials Sales Department of the Company and the manager assistant of Industrial Development Company from April 1997 to February 2001; the deputy manager and manager of Materials Supply Department of the Company from February 2001 to April 2004; the director of Xiyingsi Collection and Transportation Centre of the Company from April 2004 to May 2005; the minister of Business Development Department of the Company from May 2005 to October 2008; the minister of Environment Monitoring Department of the Company from October 2008 to February 2012; the deputy general manager of Coal-to-oil Company from February 2012 to November 2013; the deputy general manager of Coal-related Chemical Operation under Yitai Group from November 2013 to October 2016. He has been the deputy general manager of the Company from October 2016 to March 2023 and a Director of the Company from December 2019 to December 2022.</p>
Bian Zhibao	<p>Gender: Male. Han ethnicity, born in 1977, a bachelor's degree holder. He served as a vice minister of the human resources department of Inner Mongolia Yitai Bio-High-Tech Co., Ltd. (內蒙古伊泰生物高科技有限責任公司) from August 2002 to March 2004; a manager of the administration and human affairs department of Shanghai Yitai Biotechnology Co., Ltd. (上海伊泰生物技術有限公司) from April 2003 to July 2003; a deputy general manager of Beijing Yitai Biotechnology Co., Ltd. (北京伊泰生物科技股份有限公司) from March 2004 to January 2007; a deputy director of business development department of the Company from April 2007 to February 2012; a director of the business development department of the Company from February 2012 to March 2015; the chief supervisor of the business development department of the Company from March 2015 to January 2016; a deputy general manager of the investment and management department of the Company from January 2016 to December 2018; a general manager of the investment and management department of the Company since December 2018; a director of Yitai Group since January 2020; and a director and deputy general manager of the Company since March 2023.</p>



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Huang Sujian	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Huang was born in 1955, and has been working in the Institute of Industrial Economics of Chinese Academy of Social Sciences since 1988 and is a researcher of the Institute of Industrial Economics of Chinese Academy of Social Sciences and the president of Chinese Institute of Business Administration currently. Mr. Huang achieved a bachelor's degree and a master's degree of economics from Xiamen University in 1982 and 1985, respectively, and a doctoral degree of economics from the Chinese Academy of Social Sciences in 1988. He also served as the director of Jianfeng Group Co., Ltd. and the independent director of Wolong Electric Group Co., Ltd., Qingdao Hiron Commercial Cold Chain Co., Ltd. and Anxin Property &amp; Casualty Insurance Co., Ltd. Mr. Huang Sujian served as an independent Director of the Company from November 2016 to November 2022.</p>
Wong Hin Wing	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Wong was born in 1962 and holds a master's degree in Executive Business Administration from The Chinese University of Hong Kong (香港中文大學). He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England &amp; Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Chartered Governance Institute in the United Kingdom. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities &amp; Investment in the UK. Mr. Wong received the Medal of Honour awarded from the Government of the Hong Kong Special Administrative Region. He is an independent non-executive director of each of Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. (廣州白雲山醫藥集團股份有限公司) (a public company with A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange), Jiangxi Bank Co., Ltd. (江西銀行股份有限公司) (a public company with H shares listed on the Stock Exchange), Zhaoke Ophthalmology Limited (兆科眼科有限公司) (a public company listed on the Stock Exchange) and Kingmaker Footwear Holdings Limited (a public company listed on the Stock Exchange). Mr. Wong served as an independent non-executive director of CRCC High-Tech Equipment Corporation Limited from November 2015 to October 2022, and an independent non-executive director of Wine's Link International Holdings Limited from December 2017 to February 2023. He is a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference, a panel member of Securities and Futures Appeals Tribunal, a panel member of Accounting and Finance Reporting Review Tribunal, a member of Construction Industry Council, a member of Betting and Lotteries Commission and The Medical Council of Hong Kong and a member of the board of directors of Ocean Park Hongkong. He is a managing partner and a licensed officer of Hermitage Capital HK Limited (a licensed private equity investment company under the SFO). Prior to this, he had worked with an international audit firm for four years and then a listed company as chief financial officer for seven years. Since then, he co-founded Silk Road International Capital Limited (絲路國際資本有限公司) (a licensed corporation, formerly known as Legend Capital Partners, Inc. (安裡俊投資有限公司)), and served as the company's executive director and responsible officer for 23 years. He has more than 30 years of extension experience in corporate management and governance, investment management and consulting, accounting and finance. Mr. Wong Hin Wing has been an independent Director of the Company since May 2017.</p>



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Du Yingfen	<p>Gender: Female. Ethnicity: Han ethnicity, Ms. Du was born in 1964 and holds a master's degree in economics. She is currently a researcher of the Institute of Industrial Economics of Chinese Academy of Social Sciences, deputy director of the Management Science and Innovation Development Research Center (管理科學與創新發展研究中心), a professor in accounting and a doctoral supervisor of the University of Chinese Academy of Social Sciences, a standing member of the Chinese Institute of Business Administration (中國企業管理研究會) and an independent director of Taikang Asset Management Co., Ltd.. Ms. Du graduated with a bachelor's degree from the Department of Accounting and Business Management of Xiamen University in 1985, and graduated with a master's degree from the Department of Industrial Economics of Renmin University of China in 1987. She has been served as a director of the Finance and Accounting Research Office of the Institute of Industrial Economics of Chinese Academy of Social Sciences, with main academic expertise in financial management, corporate mergers and acquisitions and reorganizations, management innovation, enterprise internal control and risk management. She has won the third prize for National Science and Technology Progress Award, Sun Yefang Economics Prize and the first prize of China Development Research. She has been the independent Director of the Company since July 2019.</p>
E Erdun Tao Ketao	<p>Gender: Male. Mongolian ethnicity, born in 1963. He holds a doctoral degree in management, and is the second-level professor, an expert with special government allowances from the State Council, a young and middle-aged expert with outstanding contributions in Inner Mongolia, an expert in policy decision-making consulting of the Party Committee of Inner Mongolia Autonomous Region, a visiting scholar at Innovation Research Centre, Hitotsubashi University, Japan, and a part-time doctoral supervisor at the Mongolian University of Finance and Economics and Ulaanbaatar-Erdem University in Mongolia. He is the director of China Soft Science Society, the vice chairman of China Industrial Economics Society, the director of the Chinese Institute of Business Administration, the director of the Preparatory Branch of China Ethnic Education Association, the deputy director of the Economic Professional Committee of Ethnic Minority Areas of China Regional Economic Society and the director of Inner Mongolia Overseas Friendship Association. He obtained a bachelor's degree in economics from Inner Mongolia University of Finance and Economics in 1985; a master's degree in economics from Renmin University of China in 2000; and a doctoral degree in management from Renmin University of China in 2005. From July 2005 to October 2009, he served as the deputy director of the Academic Affairs Office of Inner Mongolia University of Finance and Economics; from October 2009 to July 2011, he served as the deputy director of the Academic Affairs Office and the deputy dean (in charge of work) of the MBA Education College of Inner Mongolia University of Finance and Economics; from July 2011 to January 2016, he served as the director of the Academic Affairs Office of Inner Mongolia University of Finance and Economics; from January 2016 to October 2019, he served as the director of the Graduate Education and Disciplinary Planning Office (dean of Graduate School) of Inner Mongolia University of Finance and Economics; from October 2019 to May 2021, he served as the director of the Development Planning Office of Inner Mongolia University of Finance and Economics. He is also the independent Director of Baotou Dongbao Bio-Tech Co., Ltd.. E Erdun Tao Ketao has been acting as the independent Director of the Company since June 2021.</p>



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Zhang Wei	<p>Gender: Female. Ethnicity: Han ethnicity. Ms. Zhang was born in 1982. She was graduated from Tongji University and obtained a master's degree in management. She is a certified public accountant and a certified tax agent. She worked at Ernst &amp; Young Huaming LLP from September 2007 to April 2010. She worked at Evalueserve Business Consulting Co., Ltd. (易唯思商務諮詢有限公司) from April 2010 to May 2010. She served as the chief accountant and deputy director-level accountant of the audit department of Yitai Group from July 2010 to December 2012; the deputy director-level accountant and deputy director-level auditor of the audit and supervision department of Yitai Group from January 2013 to December 2013; the deputy director-level auditor of the audit and supervision department of the Company from January 2014 to March 2015; the deputy director-level accountant in system management of the financial management center of Yitai Group from April 2015 to December 2016; and the deputy general manager of the investment management department of the Company from December 2016 to June 2018. She has served as the director of the audit and supervision department of the Company since June 2018, a supervisor of Yitai Group, a supervisor of the Company since January 2020, and the chairman of the Supervisory Committee of the Company since July 2021.</p>
Liu Xianghua	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. Liu was born in 1978. He possesses a bachelor's degree. Mr. Liu worked for Inner Mongolia Yitai Zhundong Railway Co., Ltd. from August 2000 to July 2001. He was the deputy director for administrative affairs of Inner Mongolia Yitai Zhundong Railway Co., Ltd. from July 2001 to October 2002 and was the office director in administrative department of Inner Mongolia Yitai Zhundong Railway Co., Ltd. from November 2002 to February 2004. Mr. Liu was the head secretary of the general manager office of Yitai Group from March 2004 to August 2005. He was the deputy director of the general manager office of Yitai Group from September 2005 to December 2005. He was the deputy director of the general manager office of the Company from January 2006 to November 2010. He was the office director of the board of directors of Yitai Group from December 2010 to February 2012. He has been the secretary of the board of directors of Yitai Group since March 2012. He was the office director of the board of directors of Yitai Group from January 2013 to October 2016. He also was the general manager of the administrative department of the Company from November 2016 to September 2017. He has served as the office director of the board of directors of Yitai Group from September 2017 to July 2022. He has been the supervisor of the Company since May 2017.</p>

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Jia Zheyu	Gender: Female. Ethnicity: Han ethnicity. Ms. Jia was born in 1982. She graduated from the Siyuan College of Xi'an Jiaotong University with a bachelor's degree in law. She joined the Company in July 2007; served as the business head of the legal affairs office of the general manager office of the Company from February 2012 to April 2015; the contract business specialist of the legal affairs office of the general manager office of the Company from April 2015 to May 2017; and the senior manager in legal affairs of the Capital Operation and Compliance Management Department of the Company from May 2017 to December 2020. She has served as the deputy general manager of the Capital Operation and Compliance Management Department of the Company since December 2020, and a supervisor of the Company since December 2020.
Chen Rong	Gender: Female. Ethnicity: Han ethnicity. Ms. Chen was born in 1988. She holds a bachelor's degree and a national legal professional qualification certificate. She consecutively served as a legal clerk, clerk and contract clerk of the legal affairs office of the general manager office of the Company from August 2011 to May 2017; and consecutively the equity business manager of the administration department and the equity business manager of the board office of Yitai Group from May 2017 to October 2020. She has been acting as the assistant to director (temporary post) of the board office of Yitai Group from March 2019 to November 2021, an intermediate manager responsible for the board affairs of the board office of Yitai Group from October 2020 to April 2022, and a senior manager responsible for the board affairs of the board office of Yitai Group since April 2022. She has been a supervisor of the Company since December 2021.
Wang Yongliang	Gender: Male. Ethnicity: Han ethnicity. Mr. Wang was born in 1963 and possessed a master's degree and was granted the qualification of Level 2 Lawyer. He was a member of Ikochao League correctional division from August 1985 to December 1986, a teacher in Ikochao League Politics & Law School from December 1986 to March 1990, the deputy head of the correctional division and office of the judicial department of Ikochao League from March 1990 to April 1996, the head of economic business department of Ikochao League Law Firm from April 1996 to March 2001. Mr. Wang has been acting as the director of Inner Mongolia Ikochao League Law Firm since March 2001. Mr. Wang is the vice chairman of the Inner Mongolia Autonomous Region Lawyers Association and the chairman of Erdos Lawyers Association. Mr. Wang has been acting as an independent supervisor of our Company since February 2011.



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Wu Qu	Gender: Male. Ethnicity: Han ethnicity. Mr. Wu was born in 1965 and possessed a bachelor's degree. He acted as the head of Finance Department of Ikochao League Dongsheng Food Industry Company (伊克昭盟東勝食品工業公司) from July 1986 to October 1994, the head of Finance Department of Inner Mongolia Shengyi Plastic Products Co., Ltd. (內蒙古勝億塑料製品有限公司) from October 1994 to December 1998, the finance manager of Ordos Rongze Food Co., Ltd. (鄂爾多斯榮澤食品有限責任公司) from December 1998 to October 2000. Mr. Wu has been serving as the head of the Auditing Department of Inner Mongolia Dongshen Accounting Firm Co., Ltd. (內蒙古東審會計師事務所有限責任公司) since July 2001 and an independent supervisor of the Company since February 2011.
Li Hongbin	Gender: Male. Ethnicity: Han ethnicity. Born in 1972, Mr. Li is a member of the Communist Party of China. He graduated from Fuxin Mining Institute where he specialized in mining engineering in 1994. Li Hongbin holds a bachelor's degree in Engineering, and he is a senior engineer in mining. He worked in Dongjia River Mine of the Mining Bureau in Chenhe, Shaanxi Province from July 1994 to May 2005 during when he consecutively acted as the head of technology in the mining team, the head of the mining, design and technology of the production and technical division. From June 2005 to July 2005, he acted as the coal mining technician of the Sujiahao Mine in Yitai Group. From August 2005 to March 2006, he acted as the deputy director of the project office of the Sujiahao Mine in Yitai Group. From April 2006 to March 2010, he acted as the deputy director engineer in the Department of Coal Production of our Company. He consecutively served as the chief engineer in the Talahao Mine in our Company from April 2010 to February 2019, the head of the Hongjingta Mine No.1 mine in our Company from March 2019 to November 2019, the deputy general manager of the Coal Production Management Department of the Company from December 2019 to February 2021, the general manager of the Coal Production Management Department in our Company from March 2021 to July 2021 and the chief engineer of the Company since July 2021.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Jin Rong	<p>Gender: Male. Han ethnicity, born in 1975. Mr. Jin Rong is a member of the Communist Party of China and a senior accountant. He holds a master's degree. He consecutively worked in the Finance Department of our Company from September 1997 to October 1998, the finance division of the Yitai Hotel of the Company from November 1998 to February 2002. He consecutively served as the chief of the finance division of the Yitai Hotel of the Company from February 2002 to April 2005, the chief of the finance division of the Xiyingsi Collection and Transportation Centre in our Company from April 2005 to April 2007, the vice director of the Finance Department in the Inner Mongolia Yitai Pharmaceutical Co., Ltd. from April 2007 to June 2009, the director of the finance department of the Inner Mongolia Yitai Property Co., Ltd. (內蒙古伊泰置業有限責任公司) from June 2009 to September 2009, the director of the finance department of the Xiyingsi Collection and Transportation Centre from October 2009 to July 2013, the director of the finance department of Huzhun Railway from July 2013 to April 2015, the head of the railway settlement center of the finance management center of the Company from April 2015 to October 2019. He acted as the general manager of the financial management department of the Company from October 2019 to December 2019. He has served as the general manager of the financial management department of the Yitai Group from December 2019 to December 2021 and the chief finance officer of our Company since December 2021.</p>
Zhang Jun	<p>Gender: Male. Han ethnicity, born in 1975, is a member of the CPC and postgraduate. He worked for China Energy Shendong Coal Group Co., Ltd. from October 1995 to June 2006; and served as an associate-level engineer of the coal production division of the Company from June 2006 to December 2006; an associate-level engineer of adjustment management of electromechanical equipment management centre of Yitai Group from December 2006 to April 2007; a director-level engineer of electromechanical equipment management centre of Yitai Group from April 2007 to October 2008; a director-level engineer of the transfer group at electromechanical equipment management centre of the coal production division of Yitai Group from November 2008 to March 2010; a director of the electromechanical equipment management centre of the coal production division of the Company from March 2010 to February 2012; a deputy general manager of coal production division of the Company from February 2012 to December 2012; a deputy general manager of electromechanical engineering of the coal production division of the Company from January 2013 to January 2016; a deputy mine manager of electromechanical engineering of Talahao Mine under the Company from January 2016 to December 2017; a mine manager of Kaida Mine from January 2018 to November 2018; the chairman of Suancigou Mine from December 2018 to October 2019; the chairman of Guanglian Coal Chemical from November 2019 to March 2020; the chairman and general manager of Guanglian Coal Chemical from March 2020 to April 2022; the general manager of the coal production division of the Company from July 2021 to April 2022; and a deputy general manager of the Company since May 2022.</p>



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (I) Changes in the Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

Name	Biographies
Du Zhifei	<p>Gender: Male. Mongolian ethnicity, born in 1972, a master of business administration. He worked at Heidaigou open-pit coal mine of Zhunge'er Coal Industry Co., Ltd. (准格爾煤炭工業公司) from August 1992 to March 1995 and worked at Tanggongta Assembly Station Supply Section of Yimeng Coal Company from March 1995 to August 1997; worked at Planning Department of Fengzhen Office of the Company from August 1997 to August 2000; and worked at North China Sales Branch of the Company's Business Department from August 2000 to February 2002. he served as a deputy manager of North China Sales Branch from February 2002 to April 2005; a deputy director of Dongxing Dispatch Station of Business Department from April 2005 to December 2005; a deputy director of Xiyingzi Dispatch Station of Distribution and Marketing Division of the Company from December 2005 to March 2010; a vice minister of the environment inspection department of the Company from March 2010 to February 2012; the minister of the environment inspection department of the Company from February 2012 to March 2015; the chief supervisor of the environment inspection department of the Company from March 2015 to October 2016; the chief supervisor of the safety and environment inspection and quality management department of the Company from October 2016 to December 2016; a deputy general manager of the coal chemical management department of the Company from December 2016 to June 2018; the chief supervisor of the environment management department of the Company from June 2018 to 8 March 2023; the general manager of Resources and Environmental Management Department of the Company since 8 March 2023; and a deputy general manager of the Company since March 2023.</p>
He Peixun	<p>Gender: Male. Ethnicity: Han ethnicity. Mr. He was born in 1986 and possesses a bachelor's degree in law. He graduated from Inner Mongolia University in July 2009. He worked in the general manager office in the Company from July 2009 to December 2009. He worked in the Securities Department of the Company from January 2010 to May 2012. He was the director for security business in the Securities Department of the Company from June 2012 to July 2013. He was the business director of the Securities Department of the Company from August 2013 to April 2015. He was the business manager in the Investor Relations and Management Department of the Company from May 2015 to October 2016; the intermediate business manager in the Investor Relations and Management Department of the Company from November 2016 to December 2017; the deputy director of the Investor Relations and Management Department of the Company from December 2017 to June 2018; the deputy general manager of Capital and Compliance Management Department of the Company from June 2018 to December 2020; the secretary to the Board, general manager of Capital and Compliance Management Department since December 2020; the supervisor of Yitai Investment since June 2017; the supervisor of the Company from May 2017 to December 2020; and the secretary to the Board of the Company since December 2020.</p>

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (II) Particulars About the Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period

##### 1. Particulars concerning positions held in shareholders' entities

Name of incumbent	Name of shareholders' entity	Position held in shareholders' entity	Starting date of term	End date of term
Zhang Jingquan	Inner Mongolia Yitai Group Co., Ltd.	Director	September 2015	
	Inner Mongolia Yitai Group Co., Ltd.	Vice president	March 2017	
Liu Chunlin	Inner Mongolia Yitai Group Co., Ltd.	Director, Chief accountant	June 2004	
	Inner Mongolia Yitai Group Co., Ltd.	Vice president	July 2018	
Ge Yaoyong	Inner Mongolia Yitai Group Co., Ltd.	Director	November 2008	
	Inner Mongolia Yitai Group Co., Ltd.	Vice president	January 2017	
Zhang Dongsheng	Inner Mongolia Yitai Group Co., Ltd.	Director	November 2008	
	Inner Mongolia Yitai Group Co., Ltd.	Vice president	January 2017	
Zhao Like	Inner Mongolia Yitai Group Co., Ltd.	Vice president and chief engineer	July 2021	
Li Juncheng	Inner Mongolia Yitai Group Co., Ltd.	Vice president	September 2017	
	Inner Mongolia Yitai Group Co., Ltd.	Chief engineer	March 2022	
Liu Xianghua	Inner Mongolia Yitai Group Co., Ltd.	Secretary to the Board	March 2012	
Zhang Wei	Inner Mongolia Yitai Group Co., Ltd.	Supervisor	January 2020	
Chen Rong	Inner Mongolia Yitai Group Co., Ltd.	Senior manager responsible for the board affairs of the board office	October 2020	
Particulars concerning positions in shareholders' entities	Nil			



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (II) Particulars About the Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period (Continued)

##### 2. Particulars concerning positions held in other entities

Name of incumbent staff	Name of other entity	Position held in other entity	Starting date of term	End date of term
Huang Sujian	Institute of Industrial Economics of Chinese Academy of Social Sciences	Researcher	July 1988	
Wong Hin Wing	Hermitage Capital HK Limited	Managing partner and a responsible officer	March 2020	
Du Yingfen	Institute of Industrial Economics of Chinese Academy of Social Sciences	Researcher	November 1991	
Wang Yongliang	Inner Mongolia Ikochao League Law Firm	Director	March 2001	
Wu Qu	Inner Mongolia Dongshen Accounting Firm Co., Ltd.	Head of auditing department	July 2001	
E Erdun Tao Ketao	Inner Mongolia University of Finance and Economics	Professor	June 2006	
Particulars concerning positions in other entities	Nil			



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (III) Particulars Concerning Remuneration of the Directors, Supervisors and Senior Management

Decision-making procedure for the remuneration of the Directors, Supervisors and senior management	The remunerations for the Directors and Supervisors will be proposed to the general meeting for approval upon review and approval by the Board and the Supervisory Committee, and the remuneration for the senior management is reviewed and approved by the Remuneration and Appraisal Committee under the Board.
Basis for determination on the remuneration of the Directors, Supervisors and senior management	The remuneration of Directors and senior management of the Company is on an annual basis. The annual remuneration comprises basic salary and performance salary. The basic salary is determined taking into full consideration of the operational scale, profitability and the remuneration offered by peer companies in the industry, whereas the performance salary is determined based on the actual results of operation of the Company. Basic salary of Directors and senior management is paid on a monthly basis and their performance salary is paid upon year end assessment.
Particulars about remuneration actually paid to Directors, Supervisors and senior management	Allowances and remuneration for the Directors, Supervisors and senior management, which is calculated based on the allowance amount of independent Directors and independent Supervisors determined at a general meeting, and the remuneration for the Directors, Supervisors and senior management determined by remuneration management mechanism of the Company, were paid in full by the Company on an annual or monthly basis after withholding individual income tax and insurance payments.
Total remuneration actually obtained by the Directors, Supervisors and senior management as a whole at the end of the reporting period	RMB38.9422 million



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (IV) Particulars About the Changes in the Directors, Supervisors and Senior Management of the Company

Name	Position held	Change	Reason for change
Huang Sujian	Independent Director	Resigned	Expiry of term
Ge Yaoyong	Director	Resigned	Work adjustment
Zhang Dongsheng	Director	Resigned	Work adjustment
Liu Jian	Director, General Manager	Resigned	Work adjustment
Lv Junjie	Director, Deputy General Manager	Resigned	Work adjustment
Zhang Jun	Deputy General Manager	Appointed	Work adjustment
Yang Jialin	Director, General Manager	Appointed	Work adjustment
		Elected	Work adjustment
Bian Zhibao	Director, Deputy General Manager	Appointed	Work adjustment
		Elected	Work adjustment
Du Zhifei	Deputy General Manager	Appointed	Work adjustment

#### (V) Directors' and Supervisors' Interests and Short Positions in Shares and Underlying Shares

##### Directors' and Supervisors' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2022, the interests of the Directors and Supervisors of the Company in the shares of the Company and its associated corporations, which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

#### (V) Directors' and Supervisors' Interests and Short Positions in Shares and Underlying Shares (Continued)

##### Long positions in the shares of associated corporation of the Company

Unit: Share

Name of director/ supervisor	Name of associated corporation	Type of interest	Number of ordinary shares interested	Percentage of the associated corporation's issued share capital (%)
<b>Directors:</b>				
Mr. Zhang Jingquan	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	2,266,452	0.31
Mr. Liu Chunlin	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	6,181,234	0.86
Mr. Ge Yaoyong	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	5,151,028	0.71
		Interest of spouse	52,798	0.01
Mr. Zhang Dongsheng	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	5,151,028	0.71
		Interest of spouse	153,446	0.02
Mr. Liu Jian	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	2,266,452	0.31
Mr. Zhao Like	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	257,551	0.04
<b>Supervisor:</b>				
Mr. Liu Xianghua	Inner Mongolia Yitai Investment Co., Ltd.	Beneficial owner	358,993	0.05

Save as disclosed above, as at 31 December 2022, none of the Directors, Supervisors or chief executives of the Company had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### II. EMPLOYEES INFORMATION ON THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

#### (I) Information on employees

Number of in-service employees in the parent company	1,766
Number of in-service employees in major subsidiaries	3,626
Total number of in-service employees	5,392
Number of employees retired for whom the parent company and major subsidiaries have to pay pension	541

Specialty composition	
Category	Headcount
Production	2,038
Sales	1,936
Technician	415
Finance	190
Administration	813
Total	5,392

Education background	
Category	Headcount
Postgraduate	213
Undergraduate	2,076
College graduate and secondary technical school	1,955
Below secondary technical school	1,148
Total	5,392



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES (Continued)

### II. EMPLOYEES INFORMATION ON THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD (Continued)

#### (II) Remuneration Policy

The Company made great efforts in motivating employees' working enthusiasm and creativity, and promoting the internal fairness and external competitiveness of the remuneration incentive system. On the basis of equal pay for equal work, the Company established a dynamic distribution mechanism in terms of taking position value as the core and performance assessment as the support, thus reflecting the employees' work ability and work achievement. The remuneration level strategy adopted by the Company consisted of market leading level for key personnel and talents, appropriately advanced level for ordinary staff and average level for auxiliary staff.

#### (III) Training Program

The Company continued to improve the training management system for the purpose of "improving organizational capability and promoting division growth", clarifying the positioning of training functions, improving standards of relevant process system, and preparing functional construction and execution plans. For the training program for middle-level management, the Company continued to develop courses on basic responsibilities competence and general quality in cooperation with external training institutions. For the new employee training system, the Company improved the internal course of new employee induction training, while establishing an online training system for general professional literacy micro-courses, and developing micro-courses on such fields as basic finance, office specifications, corporate culture, basic office software applications, and business etiquette.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### I. INFORMATION IN RELATION TO THE ENVIRONMENT

Whether an environmental protection mechanism is established	Yes
Investment in environmental protection during the reporting period (unit: RMB0'000)	83,772.50

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments

##### 1. Drainage information

In 2022, among the Company's subsidiaries and branches, Coal-to-oil Company, Yitai Chemical and Suancigou Mine were key pollution emitted units.

Coal-to-oil Company has 22 exhaust gas discharge ports, and its pollutant is discharged in an organized way. The total annual designed capacity for flue gas, sulfur dioxide and nitrogen oxides are 72 tonnes, 480 tonnes and 480 tonnes, respectively. The actual total emissions of flue gas, sulfur dioxide and nitrogen oxides from January to December 2022 are 7.46 tonnes, 26.60 tonnes and 79.97 tonnes, respectively. There was no sewage discharge port.

Yitai Chemical has a total of 63 exhaust gas discharge ports, and its pollutant is discharged in an organized way. The total annual designed capacity are 946.06 tonnes of sulfur dioxide and 1,067.72 tonnes of nitrogen oxides. The actual total sulfur dioxide and nitrogen oxides emissions from January to December 2022 are 313.05 tonnes and 772 tonnes, respectively.

Suancigou Mine has 1 exhaust gas discharge port, and its pollutant is discharged in an organized way. The total annual designed capacity for flue gas, sulfur dioxide and nitrogen oxides are 38 tonnes, 160 tonnes and 159 tonnes, respectively. The actual total emissions of flue gas, sulfur dioxide and nitrogen oxides from January to December 2022 are 22.30 tonnes, 38.81 tonnes and 58.26 tonnes, respectively. There was no sewage discharge port.

##### 2. Construction and operation of pollution prevention facilities

###### (1) Exhaust gas pollution prevention and control

- ① For the transportation of raw coal, fuel coal, coal dust generated during the storage process, and dusty waste gas from the storage and transportation process of solid materials, Coal-to-oil Company and Yitai Chemical have taken the following measures to effectively reduce dust and ensure the dust emission complies with the Class II emission standard of the "Integrated Emission Standard of Air Pollutants" (GB16297-1996); a dust collector is installed in the coal conveyor belt and broken building and the coal bunker, coal crusher room and each transfer station is equipped with ventilation and dust removal equipment; the vehicle for transporting coal is covered with crepe, and the loading and unloading process is carried out in the fully enclosed coal yard and coal will then be transported to the pot, coal bunker and gasifier by the belt conveyor; the coal yard is equipped with spray facilities.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments (Continued)

##### 2. Construction and operation of pollution prevention facilities (Continued)

###### (1) Exhaust gas pollution prevention and control (Continued)

- ② Boiler flue gas. Coal-to-oil Company newly built a set of semidry desulfurization process outside the furnace on the basis of calcium desulfurization process in the original furnace. The desulfurization efficiency reached over 90%; in 2016, Coal-to-oil Company carried out technical transformation of flue gas denitration by adopting the SNCR denitration process. The denitration efficiency reached over 70%, and the concentration of each type of pollutant in the flue gas complied with the “Emission Standard of Air Pollutants for Coal-fired Power Plants” (GB13223-2011). The ultra-low discharge transformation was accomplished in July 2021, and the level of ultra-low discharge was reached.

Yitai Chemical applies ammonia desulfurization technology to boiler flue gas desulfurization, adopting selective SNCR denitration process for flue gas denitration and bag dust removal process for flue gas dedusting. After such measures are implemented, all the indicators of flue gas discharge can meet the air pollution emission standards of newly built coal-fired boilers under the “Emission Standard of Air Pollutants for Coal-fired Power Plants” (GB13223-2011). The ultra-low flue gas emission retrofit for 2 boilers were completed in 2022, and the ultra-low emission retrofit for remaining boilers are proceeding in 2023.

- ③ Sulfur recovery tail gas. The sulfur recovery device of Coal-to-oil Company treats hydrogen sulfide in the acid gas by using a complex iron desulfurization process and recovers sulfur.

The acid gas produced by Yitai Chemical is transformed to sulfur recovery device and treated by the secondary Klaus plus post-processing (being ammonia desulfurization) process, and the sulfur recovery tail gas is purified again by the ammonia desulfurization process before being discharged into the atmosphere. The SO<sub>2</sub> emission concentration meets the requirements under Table 3 of the “Emission Standard of Pollutants for Petroleum Refining Industry” (GB31570-2015).



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments (Continued)

##### 2. Construction and operation of pollution prevention facilities (Continued)

###### (1) Exhaust gas pollution prevention and control (Continued)

- ④ Exhaust gas from the loading system. In 2016, Coal-to-oil Company carried out oil and gas recovery technology transformation on the stabilizing light hydrocarbon system of the loading trestle, and the oil and gas recovery efficiency reached over 98%, effectively reducing the emission of volatile organic compounds.

Yitai Chemical adopted the oil and gas recovery facility for loading system, and the oil and gas recovery efficiency reached over 98%, effectively reducing the emission of volatile organic compounds.

- ⑤ The major gas pollution of Suancigou Mine are boiler flue gas, and coal dust generated in the process of coal transportation, sieving, and crushing. Transfer points are equipped with the dust cages and dust control spray system, raw coal sizing screens are equipped with pulsed anti blow bag filter, main workshops are equipped with wet dust remover; raw coal, product coal and gangue are stored in fulling enclosed silos and transported by fully enclosed coal conveying trestles. The dust of boiler flue gas is removed by bag de-dusting and ammonia desulfurization, which satisfies the requirements of the "Emission Standard of Air Pollutants for Boilers" (GB13271-2014).

###### (2) Wastewater pollution prevention and control

###### ① Coal-to-oil Company

The process wastewater and domestic sewage of about 80 m<sup>3</sup>/h and 5 m<sup>3</sup>/h in Coal-to-oil Company are sent to the sewage treatment system. The designed treatment capacity is 100 m<sup>3</sup>/h. It adopts A/O process + secondary settling tank + mixed reaction tank + coagulation sedimentation tank + activated carbon filter treatment. Such wastewater is used as replenish water for circulating after the sewage treatment. In 2014, Coal-to-oil Company built a new water treatment system with a processing capacity of 300 m<sup>3</sup>/h. The coagulation sedimentation + reverse osmosis process is adopted for water circulation use system to treat the effluent of concentrated brine, circulating water discharge sewage and sewage treatment system, and most of them are reused. In 2021, Coal-to-oil Company has completed a reform project on zero discharge of high-concentration brine, realizing zero discharge of high-concentration brine.





## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments (Continued)

##### 2. Construction and operation of pollution prevention facilities (Continued)

###### (2) Wastewater pollution prevention and control (Continued)

###### ② Yitai Chemical

The process wastewater, domestic sewage and initial rainwater of chemical projects are all treated in a sewage treatment plant by the Anaerobic-Aerobic-Oxic (A2/O) technology, and the processed effluent can meet the three-level requirement of “Integrated Sewage Discharge Standards” (GB8978-96). The above effluent enters the reused water treatment facilities with designed scale of 300 m<sup>3</sup>/h by using MBR+RO technology. The concentrated brine discharged from the wastewater reuse system is sent to the evaporation crystallization system, and the deep energy “multi-effect countercurrent evaporation + segmentation crystallization process” is adopted to realise the resource utilization of the crystalline salt.

###### ③ Suancigou Mine

The treatment capacity of Suancigou Mine domestic sewage treatment plant is 1,200 m<sup>3</sup> per day, which adopts A2/O technology and MBR technology. The processed domestic sewage is used as supplement water by coal preparation plant, greening, and road water, which will not be discharged.

The treatment capacity of mine water treatment plant is 8,400 m<sup>3</sup> per day. The effluent processed by the coagulation-sedimentation-filtration-disinfection process, is used as the supplement water by coal preparation plant, underground fire sprinkler and road sprinkler, while the remaining effluent will all be further treated. The treatment capacity of advanced treatment facilities is 7,200 m<sup>3</sup> per day, which adopts the ultrafiltration-reverse osmosis treatment technology, and its effluent will be re-used as underground production, while the rest is supplied to the gangue power plant closely near to the north of industrial site; the concentrated brine generated from reverse osmosis is used for underground mud grouting instead of discharge.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

### I. INFORMATION IN RELATION TO THE ENVIRONMENT *(Continued)*

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments *(Continued)*

##### 2. Construction and operation of pollution prevention facilities *(Continued)*

###### (3) Solid waste pollution prevention and control

From January to December 2022, gasified crude slag and boiler ash of about 262,800 tonnes in total generated by Coal-to-oil Company were sent to the slag yard of Dalu Park area, and 1,939.12 tonnes of slag wax, 950.01 tonnes of carnallite, 35.98 tonnes of waste catalysts and other hazardous wastes generated were treated by Keling Environmental Protection Co., Ltd. (科領環保股份有限公司). 20.92 tonnes of waste mineral oil, 3.38 tonnes of waste oil barrel and other hazardous wastes were treated by Inner Mongolia Zhongxin Renewable Resources Technology Co., Ltd. (內蒙古忠信再生資源科技有限公司).

From January to December 2022, gasification slag and boiler slag of about 1,229,500 tonnes in total generated by Yitai Chemical were all sent to the slag yard of Xinnuo Park for dumping; 2,793.34 tonnes of filter cake, 492.62 tonnes of carnallite, 44.00 tonnes of waste activated carbon, and 164.06 tonnes of waste filter (packaging barrels and bags) were sent to Keling Environmental Protection Co., Ltd. (科領環保股份有限公司) for disposal; general solid waste is sent to the park slag yard undertaken by Hangjin Banner Xinnuo Municipal Construction Investment Co., Ltd. (杭錦旗信諾市政建設投資有限責任公司) for safe dumping.

From January to December 2022, 6,891 tonnes of boiler ash produced by Suancigou Mine was sent to the surrounding power plant ash slag field for disposal; 2.0022 million tonnes of coal gangue was sent to the coal gangue dump site for disposal. 22.56 tonnes of waste machinery oil, 6.41 tonnes of waste oil barrels and other hazardous wastes generated were treated by Keling Environmental Protection Co., Ltd. (科領環保股份有限公司) and Inner Mongolia Zhongxin Renewable Resources Technology Co., Ltd. (內蒙古忠信再生資源科技有限責任公司).

###### (4) Noise pollution prevention and control

Coal-to-oil Company, Yitai Chemical and Suancigou Mine give priority to low-noise equipment in equipment selection. For noise-generating equipment, such as venting valves, compressors, etc., silencers or soundproofing workshops are installed; in the case where noise-cancellation equipment cannot be installed or noise is still large after noise-preventing treatment, soundproof rooms are installed, and protective equipment such as earplugs, earmuffs are provided for employees.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY *(Continued)*

### I. INFORMATION IN RELATION TO THE ENVIRONMENT *(Continued)*

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments *(Continued)*

##### 3. Environmental impact assessment and other environmental protection administrative licenses of construction projects

The 0.16 Mt pa project, i.e. the first phase of 0.48 Mt pa coal-based synthetic oil project of Coal-to-oil Company, was reviewed and approved by the Autonomous Region Development and Reform Commission on 8 December 2005 in document Nei Fa Gai Gong Zi [2005] No. 1832. On 24 October 2010, the Environmental Protection Department of Inner Mongolia Autonomous Region organized relevant departments and experts to carry out environmental protection acceptance of 0.16 Mt pa project of Coal-to-oil Company, i.e. the first phase of 0.48 Mt pa coal-based synthetic oil project, which was replied in the document Nei Huan Yan [2010] No. 102 on 21 December 2010.

On 3 August 2011, the Environmental Protection Department of Inner Mongolia Autonomous Region replied the 1.2 Mt pa of fine chemicals project of Yitai Chemical with the document Nei Huan Shen [2011] No. 240. On 29 December 2016, we received from the Environmental Protection Bureau of Ordos City the approval document regarding the environmental impact report on the 1.2 Mt pa of Fine Chemicals Demonstration Project (change) of Inner Mongolia Yitai Chemical Co., Ltd. (E Huan Ping Zi [2016] No.162). On 30 September 2017, we received from the Environmental Protection Bureau of Ordos City a “Notice on the Environmental Protection Acceptance of the 1.2 Mt pa of Fine Chemicals Demonstration Project of Inner Mongolia Yitai Chemical Co., Ltd.” (E Huan Jian Zi [2017] No. 190).

On 2 December 2005, the State Environmental Protection Administration replied the Suancigou Mine project with the document (Huan Shen [2005] No. 946). On 21 January 2010, we received the acceptance from the Ministry of Environmental Protection (Huan Yan [2010] No. 14). On 9 January 2019, the General Office of the Ministry of Ecology and Environment approved the post-evaluation report of the project (Huan Ban Huan Ping Han [2019] No. 22). At present, the environmental impact assessment report of the 20 million tonnes/year reconstruction and expansion project of Suancigou Mine has been prepared, pending approval of the Department of Ecology and Environment of Inner Mongolia Autonomous Region.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (I) Explanation on Environmental Protection Work of the Company and Key Subsidiaries Belonging to Key Pollution Emitted Unit Announced by the National Environmental Protection Departments (Continued)

##### 4. Emergency plan for emergency environmental incidents

The Company has formulated the “Emergency Plan for Environmental Emergencies of Inner Mongolia Yitai Coal-to-oil Co., Ltd.”, “Emergency Plan for Environmental Emergencies of Inner Mongolia Yitai Chemical Co., Ltd.” and “Emergency Plan for Environmental Emergencies of Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd.”, and sent them to the local bureau of ecology and environment for filing upon the evaluation of experts.

##### 5. Environmental self-monitoring program

The environmental monitoring program of Coal-to-oil Company comprises automatic monitoring and manual monitoring. The automatic monitoring of flue gas entrusts third-party operating agencies to carry out operation and maintenance. Ordos Environmental Monitoring and Inspection Co., Ltd. (鄂爾多斯市環境監測檢驗有限公司) is responsible for entrusted operation and maintenance. Inner Mongolia Bilan Environmental Technology Co., Ltd. (內蒙古碧藍環境科技有限公司) is entrusted for manual monitoring.

Yitai Chemical has formulated the “Environmental Self-monitoring Program of Inner Mongolia Yitai Chemical Co., Ltd.”, and carried out monitoring according to the program. The automatic and manual monitoring of flue gas entrusts third-party operating agencies to carry out operation and maintenance. Ordos Environmental Monitoring and Inspection Co., Ltd. (鄂爾多斯市環境監測檢驗有限公司) is responsible for operation and maintenance.

The environmental monitoring plan of Suancigou Mine adopts manual monitoring, and Inner Mongolia Bilan Environmental Technology Co., Ltd. (內蒙古碧藍環境科技有限公司) was entrusted for manual monitoring.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (II) Explanations on the Environmental Protection of Companies Other than the Key Pollution Emitted Units

##### 1. Administrative penalties due to environmental issues

Due to the failure in taking enclosing measures for the coal receiving pit at Jungar Temple Dispatch Station as required, cleaning up dust accumulated on the ground around the coal pit and the access roads, as well as dust caused by inaction of sprinkling measures, Ordos Ecology and Environment Bureau Jungar Banner Branch served a Decision of Administrative Penalties (E Huan Zhun Fa [2022] No. 173) in July 2022, and imposed a fine of RMB80,000. Jungar Temple Dispatch Station has taken rectification measures as required by the competent authorities.

Due to open-air operation of Hushi Station Coal Yard at the Xiyingsi Dispatch Station and coal dust pollution caused by inaction of sprinkling and dust reduction measures on the road access to and from the site, Ordos Ecology and Environment Bureau Jungar Banner Branch served a Decision of Administrative Penalties (E Huan Zhun Fa [2022] No. 4) in July 2022, and imposed a fine of RMB50,000. Hushi Station Coal Yard has enhanced sprinkling and dust reduction measures as required by the competent authorities.

As the large work surface of the discharge worksite of the land reclamation project of Suancigou Mine and delay in soil mulching and crushing, Ordos Ecology and Environment Bureau Jungar Banner Branch served a Decision of Administrative Penalties (E Huan Zhun Fa [2022] No. 220) in November 2022, and imposed a fine of RMB80,000. Suancigou Mine has taken rectification measures as required by the competent authorities.

As Talahao Mine has a designed production capacity of 6 million tonnes/year according to the EIA approval, and such capacity was increased to 10 million tonnes/year as agreed by Energy Bureau of Inner Mongolia Autonomous Region in September 2021. The reconstruction and expansion construction in respect of the mine has been completed and the mine has been put into operation, but failure the re-application for environmental approval procedures. Ordos Ecology and Environment Bureau Dongsheng District Branch served a Decision of Administrative Penalties (Dong Huan Fa [2022] No. 14) in April 2022, and imposed a fine of RMB2,236,900.

The mine has a production capacity of 1.2 million tonnes/year according to the EIA approval of Dadijing Mine and the production capacity was determined to be 2.4 million tonnes/year in May 2009. The company has completed its reconstruction and expansion construction in November 2010, which has been put into operation, but failure the re-application for environmental approval procedures. Ordos Ecology and Environment Bureau served a Decision of Administrative Penalties (E Huan Fa [2022] No. 85) in September 2022, and imposed a fine of RMB729,200.



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (II) Explanations on the Environmental Protection of Companies Other than the Key Pollution Emitted Units (Continued)

##### 2. Disclosure of other environmental information with reference to the key pollution emitted units

The coal mines (except Suancigou Mine) and dispatching stations affiliated to the Company are not key pollution emitted units. The approved sulfur dioxide, nitrogen oxides and flue gas discharge of such units are 91.82 tonnes, 306.60 tonnes and 16.75 tonnes, respectively. The actual sulfur dioxide, nitrogen oxides and flue gas discharge of units with pollution emitted licence from January to December 2022 is 34.38 tonnes, 76.10 tonnes and 9.11 tonnes, respectively. All units strictly implemented the environmental impact assessment system and the “three simultaneous” system of pollution prevention and control facilities during the construction process. The air pollution source is the boiler flue gas discharged from the heating boiler. The pollutants meet the “Emission Standard of Air Pollutants for Boilers” (GB13271-2014) after bag dedusting, the sodium alkali method and the ammonia desulfurization treatment. The domestic wastewater is used for sprinkling and greening of industrial squares and roads after meeting the Integrated Wastewater Discharge Standard (GB8978-1996) after the A/O, MBR and disinfection processing treatment; coal mining wastewater is all reused for underground production after coagulation and labyrinth sloping plate precipitation and meeting the Pollutant Discharge Standard for Coal Industry (GB20426-2006); the coal preparation plant is closed loop designed, and the coal preparation wastewater is not discharged. In order to ensure the stable operation of pollution prevention facilities and equipment, and to achieve standard discharge, the Company entrusts a third-party specialized operation team to operate and manage. At the same time, each unit sets up a laboratory to conduct daily inspection of conventional factors in wastewater, and timely understand the operation and entrust Inner Mongolia Bilan Environmental Technology Co., Ltd. (內蒙古碧藍環境科技有限公司), Inner Mongolia Rundi Environmental Technology Co., Ltd. (內蒙古潤地環境技術有限公司) and Inner Mongolia Kangcheng Environmental Protection Co., Ltd. (內蒙古康城環保有限責任公司) to manually monitor the pollution factors in wastewater and waste gas on a quarterly basis.

#### (III) Information on Efforts Conductive to Ecological Protection, Pollution Prevention and Control and Fulfillment of Environmental Responsibility

In 2022, the Company was committed to promoting the fully enclosed coal shed project at the Jungar Temple Dispatch Station of Huzhun Railway Company. This project is another fully enclosed environmental protection transformation project of Huzhun Railway Company following the fully enclosed coal shed project of Xiyingzi Dispatch Station.

The scale of construction of the dispatch station is 16.5Mt/a, and the fully enclosed project is 2 separate coal sheds, each with an enclosed area of 250.9 x 164 m<sup>2</sup>. The highest point of the vault is 58.75 meters away from the ground, with an internal net height of 39 meters. It adopts a skeleton membrane structure, the skeleton structure adopts a prestressed cable three-dimensional tube truss, and the membrane adopts polyvinylidene chloride.

The project is expected to be completed in 2023. The coal storage capacity is expected to be approximately 200,000 to 300,000 tonnes. It is expected that the project will make effect contribution to the improvement in regional air quality after being put into operation.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### I. INFORMATION IN RELATION TO THE ENVIRONMENT (Continued)

#### (IV) Measures Taken to Reduce Its Carbon Emissions and Their Effects During the Reporting Period

Whether carbon reduction measures were taken	Yes
Reduction of CO <sub>2</sub> equivalent emissions (in tonnes)	4,959
Carbon reduction measures (e.g. using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that contribute to carbon reduction)	The expanding scale of the new energy industry has gradually increased the proportion of the Company's clean energy consumption and effectively reduced greenhouse gas emissions.

##### Specific description

The Company vigorously promoted the deployment of new energy industry. At present, the 3MWp distributed photovoltaic project of Talahao Mine and the 5.9MWp new energy photovoltaic project at Suancigou Mine plant area have been completed and put into use, and the 5.9MWp new energy photovoltaic project of Suancigou Mine drainage field is under construction.

### II. PERFORMANCE OF SOCIAL RESPONSIBILITIES

#### (I) Whether the social responsibility report, the sustainability report or the ESG report will be disclosed separately

Please refer to the 2022 Environmental, Social Responsibility and Corporate Governance Report of Inner Mongolia Yitai Coal Co., Ltd. for details.

#### (II) Specific information on social responsibility

Donations and charitable projects	Amount/Content
Total investment (RMB0'000)	23,133.21
Including: Funds (RMB0'000)	22,738.53
Cash converted from materials (RMB0'000)	394.68



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (Continued)

### III. CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Poverty alleviation and rural revitalization projects	Amount/Content
Total investment (RMB0'000)	2,482.99
Including: Funds (RMB0'000)	2,482.99
Cash converted from materials (RMB0'000)	0
Number of individuals benefited (person)	714

#### Specific description

The aforesaid poverty alleviation funds are mainly used to improve the rural living environment, road maintenance, develop and strengthen village and town collectives, improve the environment of villages and towns, and carry out joint construction of village enterprises to help the development of village collective economies.





## SIGNIFICANT EVENTS

### I. PLANS FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE

#### (I) Formulation, execution or adjustment of cash dividend policy

The profit distribution policy in the Articles of Association of Inner Mongolia Yitai Coal Co., Ltd. clearly stipulated the form and percentage of profit distribution, conditions for cash dividend, the decision-making mechanism and procedures of profit distribution, and emphasized that independent directors should express independent opinions on profit distribution plans to ensure that the rights and interests of minority investors are safeguarded. In execution of the dividend policy, the Company actively performed the cash dividend policy based on its own operation and there was no violation of the dividend policy during the reporting report.

After the audit of Da Hua Certified Public Accountants (Special General Partnership), the net profit attributable to owners of the parent under the consolidated statements of the Company prepared under the Accounting Standards for Chinese Business Enterprises for year 2022 amounted to RMB10,975,354,792.47, and the profit available for distribution among shareholders of the parent at the year end was RMB31,170,401,609.29.

The Company proposed to actively revoke its H shares' listing on The Stock Exchange of Hong Kong Limited by repurchasing all issued H shares by way of offer and canceling relevant H shares. In full consideration of the capital expenditure on the planned H share repurchase and delisting, the production and operation needs of the Company and to ensure the capital demand of project construction, research and development, production and other daily operation, the Company proposed not to distribute profit, or make share capital transfers from capital reserve or other forms of distributions for the year 2022.



## SIGNIFICANT EVENTS *(Continued)*

### I. PLANS FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE *(Continued)*

#### (II) Particulars of cash dividend policy

Was it in compliance with the requirements of the Company's Articles of Association and the resolution of the general meeting	✓ Yes <input type="checkbox"/> No
Was the dividend distribution criteria and proportion well-defined and clear	✓ Yes <input type="checkbox"/> No
Was the related decision-making process and mechanism in place	✓ Yes <input type="checkbox"/> No
Did independent Directors fulfill their duties and play their roles	✓ Yes <input type="checkbox"/> No
Were the minority shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected	✓ Yes <input type="checkbox"/> No

#### (III) If the Company records profits and the Parent has profits distributable to the ordinary shareholders during the reporting period, but has not proposed any proposals for cash dividend distribution plans, the Company shall disclose the reasons for non-distribution as well as the use of and future plans for the undistributed profits in detail

##### 1. The reason for no cash profit distribution plan has been proposed when the parent was profitable and the profit available for distribution to shareholders of the parent was positive

The Company proposed to actively revoke its H shares' listing on The Stock Exchange of Hong Kong Limited by repurchasing all issued H shares by way of offer and canceling relevant H shares. In full consideration of the capital expenditure on the planned H share repurchase and delisting, the production and operation needs of the Company and to ensure the capital demand of project construction, research and development, production and other daily operation, the Company proposed not to distribute profit, or make share capital transfers from capital reserve or other forms of distributions for the year 2022.

##### 2. Use of undistributed profit and plan for use

The Company's undistributed profit will be used for funding the capital expenditure on the planned H share repurchase and delisting, and capital expenditure on project construction, research and development, production and other daily operations.

#### (IV) Profit distribution and conversion of capital reserves into share capital during the reporting period

Not applicable



## SIGNIFICANT EVENTS (Continued)

### II. PERFORMANCE OF COMMITMENTS

- (I) The Company has entered into the Agreement on Avoidance of Horizontal Competition on 29 May 2012 with the controlling shareholder. To implement the strategy of expanding the coal business of the Company, and minimize the potential competition in the business of Yitai Group and the Company, the Company entered into the Asset Transfer Agreement with Yitai Group on 29 May 2012, pursuant to which the Company acquired the target assets of Yitai Group under the agreement at the consideration RMB8,446.54 million, including most coal production, sales and transportation business of Yitai Group. The Company confirmed:
1. all coal products mined from Hongqinghe Mine were solely supplied to the Company (as the buyer) for resale during the period from the listing date to the acquisition date of Hongqinghe Mine by the Company;
  2. all coal products mined from the target mine were solely supplied to the Company (as the buyer) for resale during the period from the listing date to the transfer date;
  3. save as the retained business and target business group, during the effective period of the Agreement on Avoidance of Horizontal Competition, the controlling shareholder and its subsidiaries (excluding the Group) did not or did not procure their respective associates/associated companies not to engage in any activities that directly or indirectly compete with the core business of the Company in any manner through itself or in conjunction with other entities, or hold any interests or rights in any such competition business through a third party;
  4. the controlling shareholder did not engage or participate in any activities, by leveraging on their respective identity of shareholders or relationship with the Company's shareholders, resulting in damages to the legal interests of the Company or the Company's shareholders;
  5. upon completion of the proposed acquisition, (i) all transportation quotas of Yitai Group granted by the Ministry of Railways could be used by the Company at nil consideration; (ii) Yitai Group did not use transportation quotas or grant a third party any transportation quotas before satisfying the requirements of the Company; and (iii) Yitai Group applied to the Ministry of Railways for changing its account holder to the Company;
  6. since the listing date, Yitai Group did not sell any of the above coal products to any third parties or engage in coal trading business, including but not limited to purchase coal products from a third party;
  7. Yitai Group did not make any notice to the Company in writing for the matters that constituted a business opportunity of horizontal competition thereby needed to be brought to the Company's attention, and confirmed that there were no business interests of horizontal competition transferred, disposed of, leased or permitted to a third party.



## SIGNIFICANT EVENTS *(Continued)*

### II. PERFORMANCE OF COMMITMENTS *(Continued)*

- (II) On 29 May 2012, Yitai Group and the Company entered into the Agreement on Avoidance of Horizontal Competition, pursuant to which, Yitai Group undertook to preferentially sell Hongqinghe Mine to the Company or its subsidiaries provided that Hongqinghe Mine obtained the legitimate mining right qualification of resources licenses in compliance with production condition required, and was in accordance with reasonable and fair terms and conditions. The Company had options and pre-emptive rights.

Supplemental explanations of undertakings:

#### 1. Analysis on ability to perform contracts

Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (“Yitai Guanglian”), a subsidiary of Yitai Group, obtained approval from the National Development and Reform Commission to commence operation of mines on 18 February 2013, and obtained the comprehensive acceptance approval issued by Inner Mongolia Autonomous Region Energy Bureau (內蒙古自治區能源局) on 26 October 2020. It has also obtained the mining exploitation permit from the Ministry of Land and Resources and the Safety Production License from the Bureau of Work Safety of District in July 2021.

When Hongqinghe Mine owned by Yitai Guanglian obtains the legitimate mining right qualification or reaches the production condition required, and with reference to the actual situation of the Company, the capital arrangement and the Agreement on Avoidance of Horizontal Competition entered into with Yitai Group, the Company will exercise its options and pre-emptive rights to require Yitai Guanglian in priority to sell Hongqinghe Mine to the Company or its subsidiaries on reasonable and fair terms and conditions through ways of financing.

#### 2. Analysis on risks in respect of performance of contracts

As Hongqinghe Mine obtained approval from the National Development and Reform Commission to commence operation of mines on 18 February 2013, it was necessary to apply for other mining right qualifications before satisfying the condition for the Company’s acquisition. The Company considered that there were no physical obstacles to obtain the necessary mining right qualifications by Hongqinghe Mine under current condition, and there were no physical obstacles regarding the performance of the commitment by Yitai Group and the disposal of the mine to the Company.



## SIGNIFICANT EVENTS *(Continued)*

### II. PERFORMANCE OF COMMITMENTS *(Continued)*

(II) *(Continued)*

#### 3. Preventive measures and control measures under default

Yitai Guanglian had not obtained the approval of coal mining for Hongqinghe Mine and was not qualified for the Company's acquisition when the Company issued H shares and was listed on the Main Board of the Hong Kong Stock Exchange in 2012. Yitai Group undertook in the Agreement on Avoidance of Horizontal Competition to grant the Company options and pre-emptive rights, so that the Company or its subsidiaries may enjoy privilege to acquire Hongqinghe Mine on reasonable and fair terms and conditions when Hongqinghe Mine owned by Yitai Guanglian obtained the legitimate mining right qualification or resources licenses and reached the required production condition, in order to solve the horizontal competition in the industry arising from the aforesaid situation.

Based on the obligations on the part of Yitai Group to solve the issue of horizontal competition under the supervision of relevant regulatory authorities, coupled with the options and pre-emptive rights enjoyed by the Company, it ensures that the Company is well positioned and vested with advantageous rights to require and urge Yitai Group to take further actions to solve the issue of horizontal competition if Yitai Group fails to implement such commitment. If Yitai Group failed to honor such commitment, pursuant to the Agreement on Avoidance of Horizontal Competition, Yitai Group should compensate all loss (including but not limited to business loss) caused thereby to the Company.



## SIGNIFICANT EVENTS *(Continued)*

### II. PERFORMANCE OF COMMITMENTS *(Continued)*

#### (III) Fulfillment of undertakings:

The Company entered into an equity transfer agreement with Yitai Group on 25 March 2014 in Ordos, and transferred 5% equity interests in Yitai Guanglian to Yitai Group at a consideration of RMB1.912 billion. The equity transfer was considered and approved at the thirty-second meeting of the fifth session of the Board of Directors of the Company convened on 25 March 2014, and the 2013 annual general meeting held on 30 May 2014, at which the independent non-executive Directors presented their independent opinions. Payment for the equity transfer consideration and changes of business registration have been completed.

The Company entered into an equity transfer agreement with Yitai Group on 18 March 2015, and proposed to acquire the 5% equity interests in Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd., a subsidiary of Yitai Group, from Yitai Group at a consideration of RMB1.912 billion. Such transaction has been considered and approved at the seventh meeting of the sixth session of the Board of Directors convened on 18 March 2015 and the 2014 annual general meeting convened on 9 June 2015 respectively, at which the independent non-executive Directors presented their independent opinions. As at 31 December 2016, the Company has paid all the equity transfer consideration pursuant to the payment term of the equity transfer agreement, and the procedures of changes in business registration were completed on 14 February 2017.

In order to solve the horizontal competition problem between the Company and Yitai Group, the controlling shareholder, and to fulfill the commitments made by Yitai Group when the Company's H shares were issued and listed, the Company signed with Yitai Group an equity transfer agreement on 23 August 2017, with an intention to acquire the 10% equity interests held by Yitai Group in Yitai Guanglian with RMB3.824 billion. Such transaction has been considered and approved respectively at the fifth meeting of the seventh session of the Board of Directors on 25 August 2017 and the first extraordinary general meeting in 2017. Payment for the equity transfer consideration and changes of business registration have been completed.

### III. NON-OPERATIONAL FUNDS APPROPRIATED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Not applicable

### IV. GUARANTEES IN VIOLATION OF REGULATIONS

Not applicable

### V. STATEMENTS OF THE BOARD ON THE “NON-STANDARD AUDITING REPORT” ISSUED BY THE ACCOUNTANT

Not applicable

## SIGNIFICANT EVENTS (Continued)

### VI. EXPLANATION OF THE COMPANY FOR THE REASONS FOR AND EFFECTS OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR REMEDIES FOR MAJOR ACCOUNTING ERRORS

#### (I) Explanation of the Company for the reasons for and effects of changes in the accounting policies and accounting estimates

The nature and the reasons of the changes in accounting policies	Approval procedure	Remark
The Company has implemented the “Interpretation No. 15 of Accounting Standards for Business Enterprises” issued by the Minister of Finance in 2021 since 1 January 2022;	Approval at the twenty-first meeting of the eighth session of the board of directors	(1)
The Company has implemented “the accounting treatment of income tax implications of relevant dividend on financial instruments classified as equity instruments of the issuer” and “the accounting treatment of enterprises to change cash-settled share-based payment to equity-settled share-based payment” under the Interpretation No. 16 of Accounting Standards for Business Enterprises issued by the Minister of Finance in 2022 since 13 December 2022;	Approval at the twenty-sixth meeting of the eighth session of the board of directors	(2)
The Company has implemented “the accounting treatment that deferred income tax on assets and liabilities arising from individual transactions is not subject to the initial recognition exemption” under the Interpretation No. 16 of Accounting Standards for Business Enterprises issued by the Minister of Finance in 2022 since 1 January 2023.		

#### (1) The impact of implementing Interpretation No. 15 of Accounting Standards for Business Enterprises on the Company

On 31 December 2021, the Ministry of Finance issued the Interpretation No. 15 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35, hereinafter “Interpretation No.15”) which became effective on the date of implementation. Interpretation No. 15 regulated “the accounting treatment of the external sales of products or by-products produced by enterprises before their fixed assets are in their intended usable condition or during research and development process” and “the determination of onerous contracts”. The Company implemented the Interpretation No.15 since 1 January 2022. The implementation of Interpretation No.15 has no impact on the financial statement in the comparable period.



## SIGNIFICANT EVENTS *(Continued)*

### VI. EXPLANATION OF THE COMPANY FOR THE REASONS FOR AND EFFECTS OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR REMEDIES FOR MAJOR ACCOUNTING ERRORS *(Continued)*

#### (I) Explanation of the Company for the reasons for and effects of changes in the accounting policies and accounting estimates *(Continued)*

##### (2) The impact of implementing Interpretation No. 16 of Accounting Standards for Business Enterprises on the Company

On 13 December 2022, the Ministry of Finance issued the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31, hereinafter “Interpretation No.16”) which explicit the content concerning; “the accounting treatment of income tax implications of relevant dividend on financial instruments classified as equity instruments of the issuer” and “the accounting treatment of enterprises to change cash-settled share payment to equity-settled share-based payment” in the accounting treatments of Interpretation No. 16 shall take effect on the date of implementation. ; and “the accounting treatment that deferred income tax on assets and liabilities arising from individual transactions is not subject to the initial recognition exemption” shall take effect from 1 January 2023. The Company did not implement the accounting treatment concerning this matter this year. The implementation of Interpretation No.16 has no impact on the financial statement in the comparable period.

#### (II) Explanation of the Company for the reasons for and effects of remedies for major accounting errors

Not applicable

#### (III) Communication with the former accounting firm

Not applicable



## SIGNIFICANT EVENTS (Continued)

### VII. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit: yuan Currency: RMB

Current appointment	
Name of the domestic accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Remuneration of the domestic accounting firm	1,500,000
Term of audit of the domestic accounting firm	12
Name(s) of certified public accountant(s) of the domestic accounting firm	Gong Xinping and Zhao Xi
Continuous term of auditing service of certified public accountant(s) of domestic accounting firm	5
Name of the overseas accounting firm	Da Hua Certified Public Accountants (Special General Partnership)
Remuneration of the overseas accounting firm	2,200,000
Term of audit of the overseas accounting firm	4

	Name	Remuneration
Accounting firm as internal control auditor	Da Hua Certified Public Accountants (Special General Partnership)	850,000

Statement: The above-mentioned remuneration of accounting firms are fees of annual report auditing, interim report auditing and internal auditing services; other auditing and consulting service fees are not included.

#### Description of appointment and dismissal of accounting firm

The eighteenth meeting of the eighth session of the Board of Directors of the Company was held on 29 March 2022 to consider and approve the resolutions in relation to the re-appointment of the finance auditor for the year 2022 and internal control auditor for the year 2022 by the Company, approving the re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the finance auditor and the internal control auditor of the Company for the year 2022. The aforesaid resolution on appointment of auditors for the year 2022 has been considered and approved at the 2021 annual general meeting of the Company.

The Company did not change the accounting firm in the past three years.



## SIGNIFICANT EVENTS *(Continued)*

### VIII. MATERIAL LITIGATION AND ARBITRATION

The Company was not involved in material litigation and arbitration during the year.

### IX. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY, PUNISHMENTS ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLER AND RECTIFICATIONS

There had been no suspected violation of laws and regulations by, punishment on and rectification of the Company and its Directors, Supervisors, senior management, controlling shareholders and de facto controller.

### X. EXPLANATION ON INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the reporting period, there had been no refusal to implement effective judgments of a court or failure to meet debt repayment schedules in a relatively large amount by the controlling shareholders or de facto controller of the Company.

### XI. MATERIAL CONNECTED TRANSACTIONS

#### (I) Connected transactions in relation to daily operation

##### 1. Non-exempt continuing connected transactions

###### (1) *Yitai Group Framework Agreement on Purchase and Sale of Products and Services*

Yitai Group, directly and indirectly, holds 58.76% of the existing issued share capital of the Company and is a controlling shareholder of the Company, and thus constitutes a connected person of the Company. The Company and Yitai Group entered into the Yitai Group Framework Agreement on Purchase and Sale of Products and Services on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties.

Pursuant to the agreement, the Company and/or its subsidiaries shall provide products including equipment, materials, oil products, chemical products and electricity; standardized management, vehicle leasing, chemical examination, equipment leasing, guaranteed transportation, property leasing, agent sales and related services to Yitai Group and/or its subsidiaries from time to time. Yitai Group and/or its subsidiaries shall provide coal products, chemical-related materials, technologies, agricultural and sideline products, hazardous waste treatment services and other services related to coal and coal-to-chemical products the Company and/or its subsidiaries from time to time.

Entering into this agreement does not affect parties to choose counterparties independently or conduct transactions with third parties.



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (1) *Yitai Group Framework Agreement on Purchase and Sale of Products and Services (Continued)*

To ensure that the transactions between the Company and Yitai Group are fair and reasonable and in line with market practices, the Company has adopted the following pricing policies and measures:

In determining the purchasing price of coal products, it was determined reasonably on the basis of market price and the quality of coal product. The Company would make enquiries and survey on the prices of relevant similar products in certain areas regularly, including but not limited to (i) the price of coal provided by independent third parties; (ii) the open market price published by major suppliers in their quotations or on their websites which will be renewed from time to time; and (iii) the mainstream selling price of neighboring coal mines and the mainstream selling price in the ports. Based on the results of the above enquiries, the Company will determine the final price of the transaction upon negotiation with the counterparties according to the market price derived from the results of the above enquiries and reasonable cost-plus reasonable profit. For the reason that the coal products are provided exclusively by Yitai Group to the Company, and their quality are higher than others within the same region, in determining the purchasing price, the Company will determine the final price of the coal products upon negotiation with Yitai Group according to the market price derived from the results of the above enquiries, on the basis of the quality of coal products, and that of coal products shall not be higher than the price of the similar coal products sold by the Company to independent third parties. Meanwhile, the Company will refer to Bohai-rim Steam Coal Price Index and China's Coal Trading Price Index to ensure the final price of the transaction will not significantly deviate from the above price indexes.

In determining the price of chemical-related materials, the chemical-related materials are sold exclusively by Yitai Group, so the market has no comparable price for similar products. However, the Company will require Yitai Group to provide its price list for selling similar products to independent third parties to ensure that the price of chemical-related products provided by Yitai Group to the Company is not higher than the price of similar products provided by Yitai Group to independent third parties.

When determining the fees charged by Yitai Group from the Company for developing coal-to-chemical new technology, the Company will require Yitai Group to provide the price for developing similar coal-to-chemical new technology for the independent third party, to ensure that the price charged by Yitai Group from the Company for developing new technology is not higher than the cost of similar technology development in the market, and also will not be higher than the similar new technology development costs paid by the Company to independent third parties.



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (1) *Yitai Group Framework Agreement on Purchase and Sale of Products and Services (Continued)*

In determining the price of agricultural and sideline products, the Company will require Yitai Group to provide a list of prices for selling similar products to independent third parties to ensure that the price of agricultural and sideline products sold by Yitai Group is not higher than the market price of similar products and will not be higher than the price at which the Company pays similar products to independent third parties.

Regarding other products provided by the Company, the Company will make reference to the market price provided to the independent third party. If market price is not available, price will be determined according to reasonable cost-plus reasonable profit, the Company would calculate the reasonable cost by adding all cost of raw materials, reasonable labour cost, management overhead and cost of consumables associated with the production of the product. A reasonable profit margin calculated by making reference to the profit margin of similar products sold to independent third parties will then be added towards the cost of production. The Directors expected that the reasonable profit margin will be referenced to the average gross profit margin of the Group in the most recent financial year.

In regard to the hazardous waste treatment services provided to the Company and its subsidiaries by Yitai Group's subsidiaries, the relevant service prices are determined based on the Notice of Inner Mongolia Development and Reform Commission on Issues Concerning Standardizing Hazardous Waste Disposal Charges (Nei Fa Gai Fei Zi [2017] No. 1626) (《內蒙古自治區發展和改革委員會關於規範危險廢物處置收費有關問題的通知》(內發改費字[2017]1626號)).

###### (2) *Guangdong Power Framework Agreement on Supply of Products*

Guangdong Power is a subsidiary of Yudean Group, which is the controlling shareholder of Shanxi Yudean, which in turn owns 24% shareholdings in Suancang Mining Co., a holding subsidiary of the Company. Thus, Guangdong Power constitutes a connected person of the Company.

The Company entered into the Guangdong Power Framework Agreement on Supply of Products with Guangdong Power on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. Pursuant to the agreement, the Company and/or its subsidiaries shall provide coal to Guangdong Power and/or its subsidiaries from time to time. Their pricing policies are basically the same with the above-mentioned coal pricing policies.



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (3) *Jingtai Power Generation Framework Agreement on Supply of Products*

Shareholdings in Suancangou Mining Co. is owned by the Company as to 52% and by Jingneng Power as to 24% respectively, and Jingtai Power Generation is a subsidiary of Jingneng Power, thus Jingtai Power Generation constitutes a connected person of the Company. The Company entered into the Jingtai Power Generation Framework Agreement on Supply of Products with Jingtai Power Generation on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. Pursuant to the agreement, the Company and/or its subsidiaries shall provide coals and oil products to Jingtai Power Generation and/or its subsidiaries from time to time. Given that crushed coal slime sold at mines and coal gangue are coal products, their pricing policies are basically the same with the above-mentioned coal pricing policies. In regard to the selling price of oil products of the Company, the final transaction price is mainly determined by referring to the prices of the relevant refined oil products determined by the National Development and Reform Commission, and the factory prices of oil products of China National Petroleum Corporation and China Petrochemical Corporation. The final transaction price is subject to no further adjustment.

###### (4) *Jinglong Power Generation Framework Agreement on Supply of Products*

Shareholdings in Suancangou Mining Co. is owned by the Company as to 52% and by Jingneng Power as to 24% respectively, and Jinglong Power Generation is a subsidiary of Jingneng Power, thus Jinglong Power Generation constitutes a connected person of the Company. The Company entered into the Jinglong Power Generation Framework Agreement on Supply of Products with Jinglong Power Generation on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. Pursuant to the agreement, the Company and/or its subsidiaries shall provide coals to Jinglong Power Generation and/or its subsidiaries from time to time. Their pricing policies are basically the same with the above-mentioned coal pricing policies.

###### (5) *Jingning Thermal Power Framework Agreement on Supply of Products*

Shareholdings in Suancangou Mining Co. is owned by the Company as to 52% and by Jingneng Power as to 24% respectively, and Jingning Thermal Power is a subsidiary of Jingneng Power, thus Jingning Thermal Power constitutes a connected person of the Company. The Company entered into the Jingning Thermal Power Framework Agreement on Supply of Products with Jingning Thermal Power on 29 March 2022, which shall be effective from 29 March 2022 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. Pursuant to the agreement, the Company and/or its subsidiaries shall provide coals to Jingning Thermal Power and/or its subsidiaries from time to time. Their pricing policies are basically the same with the above-mentioned coal pricing policies.



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (6) *Yitai Investment Framework Agreement on Purchase and Sale of Products and Services*

Yitai Investment directly holds 99.64% of the existing share capital of Yitai Group and is a controlling shareholder of Yitai Group, and thus Yitai Investment constitutes a connected person of the Company.

The Company entered into the Yitai Investment Framework Agreement on Purchase and Sale of Products and Services with Yitai Investment on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. On 27 April 2022, the Company entered into a supplementary agreement with Yitai Investment Company to make amendments to the terms in relation to products and services under the framework agreement for purchase and sales of products and services of Yitai Investment Company. Pursuant to the agreement, Yitai Investment and/or its subsidiaries shall provide such resources as electricity, flowers, agricultural and sideline products and CCER (National Certified Voluntary Emission Reduction) indicators to the Company and/or its subsidiaries from time to time.

To ensure that the transactions between the Company and Yitai Investment are fair and reasonable and in line with market practices, the Company has adopted the following pricing policies and measures:

For the power sold to the Company by Yitai Investment, the relevant price shall be determined with reference to the market price provided to independent third party(ies). According to relevant price regulations of the National Development and Reform Commission on the production electricity by electricity users in the coal industry in West Inner Mongolia, the electricity price of the coal mines of the Company is subject to the coal-electricity price linkage policies, and the electricity price is RMB2.18/kilowatt hour; except for coal mines, the other production of the Company is subject to the large-scale industrial electricity price instead of the coal-electricity price linkage policies, and the electricity price is RMB0.3540/kilowatt hour determined by both parties upon negotiation. This power purchase price is consistent with the market price, and it is not higher than the average market power price or power price paid to the independent third party by the Company.

In regard to the greening service, the Company mainly makes reference to the industry standard price and requires that the price provided by Yitai Investment's subsidiary shall not be higher than the price for the services of the same type and quality in the market, and ensures that the price for such services shall not be higher than the prices charged by the independent third party for provision of reclamation greening services to the Company.

In determining the price of agricultural and sideline products, the Company will require Yitai Investment to provide a list of prices for selling similar products to independent third parties to ensure that the price of agricultural and sideline products sold by Yitai Investment is not higher than the market price of similar products and will not be higher than the price at which the Company pays similar products to independent third parties.



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (7) *Yanzhou Coal Neng Hua Framework Agreement on Purchase and Sale of Products and Services*

The Company holds 72.66% shareholdings in Yitai Huzhun and therefore Yitai Huzhun is a non-wholly owned subsidiary of the Company. Meanwhile, Yanzhou Coal Neng Hua holds 18.94% shareholdings in Yitai Huzhun and therefore Yanzhou Coal Neng Hua constitutes a connected person of the Company at the subsidiary level.

The Company entered into the Yanzhou Coal Neng Hua Framework Agreement on Purchase and Sale of Products and Services with Yanzhou Coal Neng Hua on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. Pursuant to the agreement, the Company and/or its subsidiaries shall provide coals to Yanzhou Coal Neng Hua and/or its subsidiaries from time to time. Their pricing policies are basically the same with the above-mentioned coal pricing policies.

###### (8) *Financial Services Framework Agreement*

The Company and Yitai Group hold 40% and 60% of shareholdings in Yitai Finance respectively, thus Yitai Finance constitutes a connected person of the Company.

The Company entered into the Financial Services Framework Agreement with Yitai Finance on 29 October 2020, which shall be effective from 1 January 2021 and expired on 31 December 2023, and may be renewed for another three years upon mutual agreement of the parties. The Company entered into a revised finance service framework agreement with Yitai Finance on 11 November 2022, with effect from 1 January 2023, which replaces the former finance service framework agreement, has a term expiring on 31 December 2023 and may be renewed upon agreement of both parties.

Pursuant to the agreement, Yitai Finance shall provide financial services, including deposits, loans, settlement, entrusted loans, foreign economic guarantee, credit verification, and issuance of financial bonds services to the Company and/or its subsidiaries.

To ensure that the transactions between the Company and Yitai Finance are fair and reasonable and in line with market practices, Yitai Finance has undertaken to provide the aforesaid financial services to the Company according to the pricing policies as follows:



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (8) Financial Services Framework Agreement *(Continued)*

(1) The interest rate for the Company's deposit with Yitai Finance shall be no less than (i) the benchmark interest rate published by The People's Bank of China from time to time for deposits of similar type and term; (ii) the interest rate offered by main commercial banks in the PRC (including but not limited to the Bank of China, China Construction Bank, Industrial and Commercial Bank of China and Agricultural Bank of China) for deposits of similar type and term; and (iii) the interest rate offered by Yitai Finance to the Company and its connected companies for deposits of similar type and term; (2) the settlement services provided by Yitai Finance to the Company are free of charge; (3) Yitai Finance undertakes to provide favourable interest rate for loans extended to the Company, which should not be higher than the interest rate charged by major commercial banks in the PRC for the loans with the same type and term; and (4) the rate charged by Yitai Finance for other financial services must comply with the charging standards prescribed by The People's Bank of China or CBIRC, and should be no higher than the rate charged by major commercial banks in the PRC for the same type of services.

###### (9) Summary of continuing connected transactions in 2022

Unit: RMB'0,000

Category of transaction	Nature of transaction	Transaction amount for the year ended 31 December 2022	The cap of transaction amount for the year ended 31 December 2022
Products provided by the Company	Supply of equipment, materials, electricity and chemical products by the Company to Yitai Group and its subsidiaries	2,824	8,200
	Supply of coal by the Company to Guangdong Power Industry Fuel Co., Ltd.	72,862	137,500
	Supply of coal and oil products by the Company to Inner Mongolia Jingtai Power Generation Co., Ltd.	49,141	114,000
	Supply of coal by the Company to Inner Mongolia Jinglong Power Generation Co., Ltd.	22,574	30,000
	Supply of coal by the Company to Inner Mongolia Jingning Thermal Power Co., Ltd.	18,672	25,000



## SIGNIFICANT EVENTS (Continued)

### XI. MATERIAL CONNECTED TRANSACTIONS (Continued)

#### (I) Connected transactions in relation to daily operation (Continued)

##### 1. Non-exempt continuing connected transactions (Continued)

##### (9) Summary of continuing connected transactions in 2022 (Continued)

Category of transaction	Nature of transaction	Transaction amount for the year ended 31 December 2022	The cap of transaction amount for the year ended 31 December 2022
Products provided to the Company	Supply of coal products, chemical-related materials, technologies, agricultural and sideline products by Yitai Group and its subsidiaries to the Company	702,643	781,298
	Supply of electricity, agricultural and sideline products and other products by Inner Mongolia Yitai Investment Co., Ltd. and its subsidiaries to the Company	3,450	11,000
	Supply of coal by Yankuang Energy (Ordos) Company Limited (formerly known as Yanzhou Coal Ordos Neng Hua Transportation and Sale Co., Ltd.) to the Company	33,686	79,700
Services provided by the Company	Supply of guaranteed operation, standardized management, property leasing, agent sales and related services by the Company to Yitai Group and its subsidiaries	272	1,655
Services provided to the Company	Supply of hazardous waste treatment and other services related to coal and coal-to-chemical products by Yitai Group and its subsidiaries to the Company	3,245	20,700
	Supply of greening service by Inner Mongolia Yitai Investment Co., Ltd. and its subsidiaries to the Company	637	2,300
Financial services	Supply of deposit services by Yitai Finance to the Company	1,169,895	1,170,000
	Interest on deposit services provided by Yitai Finance to the Company	4,078	18,840
	Fees on financial services provided by Yitai Finance to the Company	1	3,335



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (I) Connected transactions in relation to daily operation *(Continued)*

##### 1. Non-exempt continuing connected transactions *(Continued)*

###### (9) Summary of continuing connected transactions in 2022 *(Continued)*

Statement:

1. The Directors of the Group are of the view that the transactions between the Group and the above connected parties are carried out in the ordinary course of business on mutually agreed normal commercial terms.
2. The above-mentioned amount of deposit service provided by Yitai Finance to the Company is the actual maximum amount in the daily deposit balance during the year, net of accrued interest.
3. The annual caps of above transaction amount are that of transaction amount for the year of 2022, for continuing connected transactions disclosed in the announcements of Company dated 29 October 2020, 16 December 2020, 1 December 2021, 29 March 2022 and 30 August 2022.

##### 2. Independent directors' opinions on the non-exempt continuing connected transactions

The independent non-executive Directors of the Company reviewed the continuing connected transactions and were of the view that:

- each continuing connected transaction was conducted pursuant to relevant agreement, terms of which were fair and reasonable and in the interests of the shareholders of the Company as a whole;
- such continuing connected transactions were entered into in the ordinary and usual course of business of the Group; and
- such continuing connected transactions were conducted on normal or better commercial terms (as defined under the Rules Governing the Listing of Securities of the Hong Kong Stock Exchange (the "Listing Rules")).

##### 3. Auditor's opinions on the non-exempt continuing connected transactions

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.



## SIGNIFICANT EVENTS (Continued)

### XI. MATERIAL CONNECTED TRANSACTIONS (Continued)

#### (I) Connected transactions in relation to daily operation (Continued)

##### 4. Events disclosed in the extraordinary announcements with progress or changes in the follow-up implementation

- (1) The Proposal on Capital Increase by the Company to Inner Mongolia Jingtai Power Generation Co., Ltd. (《關於公司對內蒙古京泰發電有限責任公司增資的議案》) and the Proposal on Payment by Inner Mongolia Jingtai Power Generation Co., Ltd. of the Coal Resources Overburden Compensation to Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (《關於內蒙古京泰發電有限責任公司向內蒙古伊泰京粵酸刺溝礦業有限責任公司支付煤炭資源壓覆補償款的議案》) were considered and approved at the fourteenth meeting of the eighth session of the Board of Directors of the Company on 13 December 2021, which agreed Jingtai Power to increase the capital fund for paying overlaid resource compensation to Suancigou Mine. Since Jingtai Power and Suancigou Mine have the same shareholders, the increased capital will be offset by the dividends by Suancigou Mine payable to its shareholders. Shareholders of Jingtai Power are not required to pay Jingtai Power in cash. The overlaid resource compensation to be paid by Jingtai Power to Suancigou Mine shall be offset by the increased capital fund by the shareholders of Jingtai Power, and Jingtai Power is not required to pay Suancigou Mine in cash. On 1 April 2022, according to the resolution of the fourteenth meeting of the eighth session of the Board of Directors of the Company, the Company and Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司) (“Jingneng Power”), Shanxi Yudean Energy Co., Ltd. (山西粵電能源有限公司) (“Shanxi Yudean”) entered into the Capital Increase Agreement of Inner Mongolia Jingtai Power Generation Co., Ltd.; Suancigou Mine, a holding subsidiary of the Company, and Jingtai Power entered into the Compensation Agreement for Overlaying of Coal Resources of Suancigou Mine Owned by Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. by Power Plant Phase II Project of Inner Mongolia Jingtai Power Generation Co., Ltd.; the Company and Jingneng Power, Shanxi Yudean, Suancigou Mine and Jingtai Power entered into the Five Parties’ Agreement on Dividends, Capital Increase and Payment of Overlaid Resource Compensation.



## SIGNIFICANT EVENTS (Continued)

### XI. MATERIAL CONNECTED TRANSACTIONS (Continued)

#### (I) Connected transactions in relation to daily operation (Continued)

##### 4. Events disclosed in the extraordinary announcements with progress or changes in the follow-up implementation (Continued)

(2) The Proposal Relating to the Estimation of the Company for the Maximum of Daily Related Transactions (B shares) for 2021-2023 (《關於公司對2021-2023年度日常關聯交易(B股)上限進行預計的議案》) and the Proposal Relating to the Estimation of the Company for the Maximum of Daily Continuing Connected Transactions (H shares) for 2021-2023 (《關於公司對2021-2023年度持續性關連交易(H股)上限進行預計的議案》) were considered and approved at the third meeting of the eighth session of the Board of Directors of the Company and the second EGM in 2020.

- ① In 2022 and 2023, the Company expects to purchase electricity, flowers and agricultural and sideline products from Yitai Investment and its holding subsidiary with a cap of RMB42 million. In response to the call for energy conservation and carbon reduction in China, the Company will gradually increase the purchase of green energy, and decide to increase the purchase of photovoltaic power produced by Inner Mongolia Yitai New Energy Development Co., Ltd., a holding subsidiary of Yitai Investment; meanwhile, based on the objective situation that soaring coal prices resulted in the rise of price of electricity since the second half of 2021, the Company has adjusted the daily related transaction/continuing connected transaction caps between the Company and Yitai Investment in 2022 and 2023, which have been reviewed and approved, the adjusted cap amounts are RMB110 million and RMB230 million respectively.
- ② In 2022 and 2023, the Company expects to purchase coal, catalysts, other chemical materials and agricultural and sideline products from Yitai Group and its holding subsidiary with a cap of RMB56.27 million. Based on the objective situation that coal prices have soared since the second half of 2021, the Company has decided to adjust the daily related transaction caps between the Company and Yitai Group and its holding subsidiary in 2022 and 2023, which have been reviewed and approved, the adjusted cap amounts are estimated to be RMB7,812.98 million and RMB7,827.05 million respectively.
- ③ The maximum daily balance of the deposits of the Company with Yitai Finance is expected to be RMB11,700 million in 2023. As the cash and bank balance of the Company has increased over the previous year resulting from soaring coal prices since the second half of 2021, and having regard to the actual needs of the Company, the Company has decided to adjust the caps of financial services between the Company and Yitai Finance in 2023, which have been reviewed and approved, and re-entered into the Financial Services Framework Agreement. The adjusted maximum daily balance of deposits is RMB18,000 million; and the cap of loan interest to be paid by the Company to Yitai Finance throughout the year is RMB312.8 million.

5. Save as disclosed in the above connected transactions in this report, no other related party transactions or continuing related party transactions set out in Note X to the financial statements are discloseable connected transactions or continuing connected transactions under the Hong Kong Listing Rules. The Company confirmed that its connected transactions and continuing connected transactions have complied with the disclosure requirements under Chapter 14A of Hong Kong Listing Rules.



## SIGNIFICANT EVENTS *(Continued)*

### XI. MATERIAL CONNECTED TRANSACTIONS *(Continued)*

#### (II) Related transaction arising from asset or equity acquisition and disposal

Not applicable

#### (III) Material related transactions relating to common external investments

Not applicable

#### (IV) Related creditors' rights and debts transactions

On 30 March 2021, the seventh meeting of the eighth session of the Board of Directors of the Company has approved the entering into of cross-guarantee agreement between the Company and Yitai Group. Pursuant to the agreement, it was agreed that for the 3 accounting years of 2021, 2022 and 2023, the Company and its holding subsidiaries will provide guarantee for Yitai Group and its holding subsidiaries to borrow or finance from financial institutions not exceeding RMB2 billion each year. Yitai Group and its holding subsidiaries will provide guarantee for the Company and its holding subsidiaries to borrow or finance from financial institutions, subject to the actual amount and no maximum limit.

The guarantee amount of Yitai Group for the listed company and its holding subsidiaries this year was RMB0 billion, and the guarantee balance was RMB2.026 billion; the amount of guarantee provided by the listed company for Yitai group and its holding subsidiaries was RMB0 billion, and the balance was RMB0 billion.



## SIGNIFICANT EVENTS (Continued)

### XI. MATERIAL CONNECTED TRANSACTIONS (Continued)

(V) Financial business between the Company and the financial company having related relationship with it, the Company's holding financial company and the related party

#### 1. Deposit business

Unit: yuan Currency: RMB

Related party	Related relationship	Daily maximum deposit limit	Range of deposit interest rate	Opening balance	Amount in current period		Closing balance
					Total deposit in current period	Total withdrawal in current period	
Inner Mongolia Yitai Finance Company Limited	Associate	11,700,000,000.00	0.35%	10,176,469,760.45	154,299,850,959.82	153,361,498,431.99	11,114,822,288.28
Total	/	/	/	10,176,469,760.45	154,299,850,959.82	153,361,498,431.99	11,114,822,288.28

#### 2. Loan business

Unit: yuan Currency: RMB

Related party	Related relationship	Loan facility	Range of loan interest rate	Opening balance	Amount in current period		Closing balance
					Total loan amount in current period	Total repayment amount in current period	
Inner Mongolia Yitai Finance Company Limited	Associate	17,000,000,000.00	3.65%-3.85%	6,375,000,000.00	1,597,000,000.00	3,538,000,000.00	4,434,000,000.00
Total	/	/	/	6,375,000,000.00	1,597,000,000.00	3,538,000,000.00	4,434,000,000.00

#### 3. Credit business or other financial businesses

Unit: yuan Currency: RMB

Related party	Related relationship	Business type	Total amount	Actual amount
Inner Mongolia Yitai Finance Company Limited	Associate	Liquidity loan	17,000,000,000.00	4,434,000,000.00

## SIGNIFICANT EVENTS (Continued)

### XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

#### (I) Entrustment, Contracting and Leasing

Unit: yuan Currency: RMB

Name of entrusting party	Name of entrusted party	Entrusted assets	Amount of entrusted assets	Commencement date of entrustment	Termination date of entrustment	Earnings from entrustment	Basis for determination of earnings from entrustment	Effect of earnings from entrustment on the Company	Whether a related transaction	Related relationship
Inner Mongolia Yitai Coal Co., Ltd.	Inner Mongolia Zhongtai Energy Co., Ltd.	Certain assets and safety production systems within relevant scope and area of safety production in both surface and underground mines of the six coal mines owned by the entrusting party, and the office and living areas of the entrusted party	2,186,543,975.83	1 April 2020	Nil	5,320,853,604.08	See explanation	48.48%	No	Others

#### Explanation on the entrustment

From 1 April 2020, the Company entrusted the safe production and technical management business of the six coal mines owned by it to Inner Mongolia Zhongtai Energy Co., Ltd., which excludes sales business. Earnings from the entrustment are determined and calculated by all of the revenues generated from the entrusted coal mines less the costs of entrustment and the costs and expenses incurred by the coal mines themselves, and deduction of net profit attributable to the parent company net of the income tax expenses. The effect of the earnings from entrustment on the Company is the percentage of the earnings from entrustment over the net profit attributable to the parent company of the Company during the reporting period.



## SIGNIFICANT EVENTS (Continued)

### XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (Continued)

#### (II) Guarantee

Unit: '0,000 yuan Currency: RMB

Total amount of guarantees occurring during the reporting period (excluding those for subsidiaries)	0
Total balance of guarantees at the end of the reporting period (A) (excluding those for subsidiaries)	0
<b>Guarantees of the Company and its Subsidiaries for Subsidiaries</b>	
Total amount of guarantees for subsidiaries occurring during the reporting period	54,696.57
Total balance of guarantees for subsidiaries at the end of the reporting period (B)	806,360.40
<b>Total Guarantee Amount of the Company (including those for subsidiaries)</b>	
Total guarantee (A+B)	806,360.40
Percentage of total guarantee in the Company's net assets (%)	16.26
Including:	
Amount of guarantees for shareholders, de facto controllers and their related parties (C)	0
Amount of debt guarantees directly or indirectly provided for those with a gearing ratio of over 70% (D)	10,000
Amount of total guarantees in excess of 50% of net assets (E)	0
Total amount of the three guarantees above (C+D+E)	10,000
Statement on the contingent joint liability in connection with unexpired guarantees	Nil
Statement on guarantee	The total guarantees above include a guarantee for commercial acceptance bill financing business of RMB447 million



## SIGNIFICANT EVENTS (Continued)

### XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (Continued)

#### (III) Entrusted Cash Assets Management

##### 1. Entrusted wealth management

###### (1) Overview of entrusted wealth management

Unit: yuan Currency: RMB

Type	Sources of funds	Amount	Amount not overdue	Overdue amount to be recovered
Bank wealth management	Private capital	4,303,500,000	1,493,500,000	0

###### (2) Single entrusted wealth management

Unit: yuan Currency: RMB

Entrustee	Type of entrusted wealth management	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Sources of funds	Investment orientation	Determination of remuneration	Annualized rate of return	Expected return (if any)	Actual gains or losses	Return actually received	Through a legal procedure or not	Whether the future entrusted wealth management plan exists
CITIC Securities	Treasury bonds reverse repurchase	500,000,000	2022-4-28	2022-5-5	Private capital	Treasury bonds reverse repurchase	Fixed income	2.13%	204,338.59	204,338.59	Recovery upon maturity	Yes	Yes
CITIC Securities	Treasury bonds reverse repurchase	1,100,000,000	2022-6-29	2022-7-6	Private capital	Treasury bonds reverse repurchase	Fixed income	2.7564%	581,479.45	581,479.45	Recovery upon maturity	Yes	Yes
China Construction Bank, Shanghai Branch	Wealth management products	400,000,000	2022-6-30	2022-7-30	Private capital	Structural deposits	Floating income	1.6%-2.7%	900,000	820,367	Recovery upon maturity	Yes	Yes
China CITIC Bank, Ordos Branch	Wealth management products	200,000,000	2022/8/16	2022/11/16	Private capital	Structural deposits	Floating income	1.6%-3.28%	1,676,444.44	1,451,835	Recovery upon maturity	Yes	Yes
Bank of China, Ordos Branch	Wealth management products	10,000,000	2022/7/19	2022/10/19	Private capital	Term deposits	Fixed income	1.7%	42,849	42,849	Recovery upon maturity	Yes	Yes
Bank of Communications, Ordos Branch	Wealth management products	300,000,000	2022/9/19	2022/12/27	Private capital	Structural deposits	Floating income	1.25%-2.65%	2,156,301	2,034,246	Recovery upon maturity	Yes	Yes
China Construction Bank, Ordos Branch	Wealth management products	300,000,000	2022/9/27	2022/12/27	Private capital	Structural deposits	Floating income	1.5%-2.9%	2,169,041	2,094,246	Recovery upon maturity	Yes	Yes
China Construction Bank, Ordos Branch	Wealth management products	500,000,000	2022/9/27	2023/3/27	Private capital	Structural deposits	Floating income	1.5%-2.9%	7,190,410		Unmatured	Yes	Yes



## SIGNIFICANT EVENTS (Continued)

### XII. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION (Continued)

#### (III) Entrusted Cash Assets Management (Continued)

##### 1. Entrusted wealth management (Continued)

##### (2) Single entrusted wealth management (Continued)

Entrustee	Type of entrusted wealth management	Amount of entrusted wealth management	Beginning date of entrusted wealth management	Termination date of entrusted wealth management	Sources of funds	Investment orientation	Determination of remuneration	Annualized rate of return	Expected return (if any)	Actual gains or losses	Return actually received	Through a legal procedure or not	Whether the future entrusted wealth management plan exists
Agricultural Bank of China, Shenzhen Pinghu Sub-branch	Fixed-term products	103,500,000 (For exchange rate, refer to that on 31 December 2022 at 6.9)	2022/9/27	2023/3/27	Private capital	Term deposits	Fixed income	4.2458%	2,115,978		Unmatured	Yes	Yes
Bank of Communications, Ordos Branch	Structural deposits	100,000,000	2022/11/28	2023/4/12	Private capital	Structural deposits	Floating income	1.75%-3.00%	1,109,589		Unmatured	Yes	Yes
CITIC Securities	Treasury bonds reverse repurchase	600,000,000	2022/12/28	2023/1/11	Private capital	Treasury bonds reverse repurchase	Fixed income	3.36%	773,260.27		Unmatured	Yes	Yes
China Construction Bank, Shanghai Branch	Wealth management products	190,000,000	2022/11/25	2023/3/24	Idle capital	Structural deposits	Floating income	1.5%-2.9%	1,796,410.96		Unmatured	Yes	Yes

##### 2. Entrusted loans

Not applicable

### XIII. EXPLANATION ON OTHER SIGNIFICANT EVENTS AFFECTING INVESTORS' VALUE JUDGMENT AND DECISION-MAKING

- In August 2022, the Company acquired 39.5% equity interests of Coal-to-oil Company held by Inner Mongolia Geological Mining (Group) Company Limited (內蒙古地質礦產(集團)有限責任公司) with private capital of RMB942,004,439.33 through public bidding. Upon completion of such equity acquisition, the Company held 90.5% equity interests of Coal-to-oil Company.
- At the end of December 2022, it was resolved that Xinjiang Energy, a holding subsidiary of the Company, shall be dissolved and canceled due to suspension of its project. The Company announced that the borrowings owed by Xinjiang Energy to the Company became due immediately. Upon negotiation between two parties, Xinjiang Energy transferred its legally-owned assets to the Company, including machinery, equipment and technology license, to offset the contractual rights and obligations of Xinjiang Energy totaling RMB1,239,191,608.51 as agreed by the Company. At the end of December 2022, Xinjiang Energy has completed its liquidation and cancellation.



## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

During the reporting period, there was no change in the total number of shares and share capital structure of the Company.

### II. ISSUE AND LISTING OF SECURITIES

#### (I) Issue of Securities During the Reporting Period

Not applicable

#### (II) Changes in the Total Number of Ordinary Shares, Shareholding Structure and the Structure of Assets and Liabilities of the Company

As at 31 December 2021, the gearing ratio of the Company was 46.29%. As at 31 December 2022, the gearing ratio of the Company was 36.00%, representing a decrease of 10.29 percentage points as compared with last year.



## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### III. INFORMATION ON SHAREHOLDERS AND THE DE FACTO CONTROLLER

#### (I) Total Number of Shareholders

Total number of shareholders of ordinary shares as at the end of the reporting period (in the number of accounts)	62,206
Total number of shareholders of ordinary shares at the end of the last month prior to the disclosure of annual report (in the number of accounts)	62,301
Total number of holders of preference shares with voting rights restored as at the end of the reporting period (in the number of accounts)	N/A
Total number of holders of preference shares with voting rights restored at the end of the last month prior to the disclosure of annual report (in the number of accounts)	N/A

#### (II) Shareholdings of the Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Holders of Shares not Subject to Selling Restrictions) as at the End of the Reporting Period

Unit: Share

Name of shareholder (in full name)	Increase/decrease during the reporting period	Shareholdings of the Top Ten Shareholders			Pledged, charged or frozen Status of shares	Number of shares	Class of shareholder
		Number of shares held as at the end of the reporting period	Proportion (%)	Number of shares held subject to selling restrictions			
Inner Mongolia Yitai Group Co., Ltd.	0	1,600,000,000	49.17	1,600,000,000	Nil	0	Domestic non-state-owned legal person
HKSCC NOMINEES LIMITED	-9,600	325,949,600	10.02	-	Unknown	Unknown	Foreign legal person
Yitai (Group) Hong Kong Co., Ltd.	0	312,000,000	9.59	-	Nil	0	Foreign legal person
China Merchants Securities (HK) Co., Limited	2,459,251	25,644,451	0.79	-	Unknown	Unknown	Foreign legal person
VANGUARD EMERGING MARKETS STOCK INDEX FUND	-521,100	14,437,396	0.44	-	Unknown	Unknown	Foreign legal person
VANGUARD TOTAL TERNATIONAL STOCK INDEX FUND	-1,535,100	13,585,366	0.42	-	Unknown	Unknown	Foreign legal person
ISHARES CORE MSCI EMERGING MARKETS ETF	-128,200	10,355,495	0.32	-	Unknown	Unknown	Foreign legal person
Hu Jiaying	-1,708,912	10,109,521	0.31	-	Unknown	Unknown	Domestic natural person
Liu Jingyuan	28,000	8,728,350	0.27	-	Unknown	Unknown	Domestic natural person
BANK JULIUS BAER & CO. LTD	0	7,108,416	0.22	-	Unknown	Unknown	Foreign legal person

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### III. INFORMATION ON SHAREHOLDERS AND THE DE FACTO CONTROLLER (Continued)

#### (II) Shareholdings of the Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Holders of Shares not Subject to Selling Restrictions) as at the End of the Reporting Period (Continued)

Name of shareholder	Shareholdings of Top Ten Holders of Shares Not Subject to Selling Restrictions		
	Number of shares held not subject to selling restrictions	Class	Class and number of shares
HKSCC NOMINEES LIMITED	325,949,600	Overseas listed foreign shares	325,949,600
Yitai (Group) Hong Kong Co., Ltd.	312,000,000	Domestic listed foreign shares	312,000,000
China Merchants Securities (HK) Co., Limited	25,644,451	Domestic listed foreign shares	25,644,451
VANGUARD EMERGING MARKETS STOCK INDEX FUND	14,437,396	Domestic listed foreign shares	14,437,396
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	13,585,366	Domestic listed foreign shares	13,585,366
ISHARES CORE MSCI EMERGING MARKETS ETF	10,355,495	Domestic listed foreign shares	10,355,495
Hu Jiaying	10,109,521	Domestic listed foreign shares	10,109,521
Liu Jingyuan	8,728,350	Domestic listed foreign shares	8,728,350
BANK JULIUS BAER & CO.LTD	7,108,416	Domestic listed foreign shares	7,108,416
ARROWSTREET EMK ALPHA EXTENSION FUND L.P. (AGZ7)	6,995,562	Domestic listed foreign shares	6,995,562
Description of special repurchase accounts among the top ten shareholders	N/A		
Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with, the voting rights the above shareholders abstained from	N/A		
Description of the related relationships or acting in concert among the above shareholders		Among the top ten shareholders of the Company, Yitai (Group) Hong Kong Co., Ltd. is a wholly-owned subsidiary of Inner Mongolia Yitai Group Co., Ltd., a holder of domestic legal person shares. The Company is not aware of whether there are other holders of foreign shares who are related to each other or acting in concert.	
Description of holders of preference shares with voting rights restored and the number of shares held	N/A		

Note: The H shares held by HKSCC NOMINEES LIMITED are held on behalf of its multiple clients



## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### III. INFORMATION ON SHAREHOLDERS AND THE DE FACTO CONTROLLER (Continued)

#### (II) Shareholdings of the Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Holders of Shares not Subject to Selling Restrictions) as at the End of the Reporting Period (Continued)

The number of shares held by the top ten holders of shares subject to selling restrictions and conditions for selling restrictions

Unit: Share

No.	Name of shareholder subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of shares subject to selling restrictions		Conditions for selling restrictions
			Listing and trading date	Number of additional listing and trading shares	
1	Inner Mongolia Yitai Group Co., Ltd.	1,600,000,000	N/A	N/A	Domestic non-state-owned legal person shares

Explanation on the above shareholders who are connected to each other or acting in concert: Inner Mongolia Yitai Group Co., Ltd. is the controlling shareholder of the Company

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

#### (I) Information on the controlling shareholder

##### 1. Legal person

Name	Inner Mongolia Yitai Group Co., Ltd.
Responsible person of the institution or legal representative	Zhang Donghai
Date of incorporation	27 October 1999
Principal businesses	The production, processing, transportation and selling of raw coal; the railway construction and the railway transportation of passengers and goods; the import of equipment, accessories and technology for mines; the construction and operation of highways; the selling of coal-to-chemical products; selling of prepackaged, unpackaged food, and dairy products (excluding infant formula milk powder); and retail of vegetables, fruits and raw meat; the processing and sale of livestock products; the purchase and selling of electric energy (for project subject to the approval of the law, business activities shall be only carried out after approval from relevant departments is obtained).
Shareholdings in other domestic or overseas listed companies controlled by and associated with it during the reporting period	Nil
Other explanations	Nil

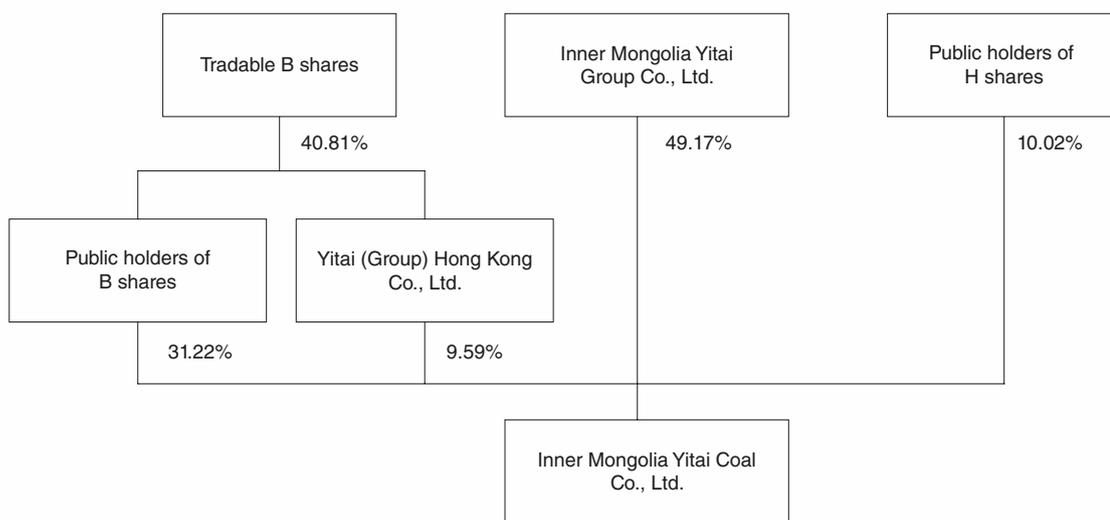


## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

#### (I) Information on the controlling shareholder (Continued)

##### 2. Chart concerning the property rights and controlling relationship between the Company and the controlling shareholders





## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER (Continued)

#### (II) Information on the de facto controller

##### 1. Legal person

Name	Inner Mongolia Yitai Investment Co., Ltd.
Responsible person of the institution or legal representative	Zhang Shuangwang
Date of incorporation	2 December 2005
Principal business	The investment in the energy industry and the railway construction
Shareholdings in other domestic or overseas listed companies controlled by and associated with it during the reporting period	Nil
Other explanations	Nil

##### 2. Natural person

Not applicable

##### 3. Special explanation on absence of the Company's de facto controller

Not applicable

##### 4. Explanation on changes in control of the Company during the reporting period

Not applicable

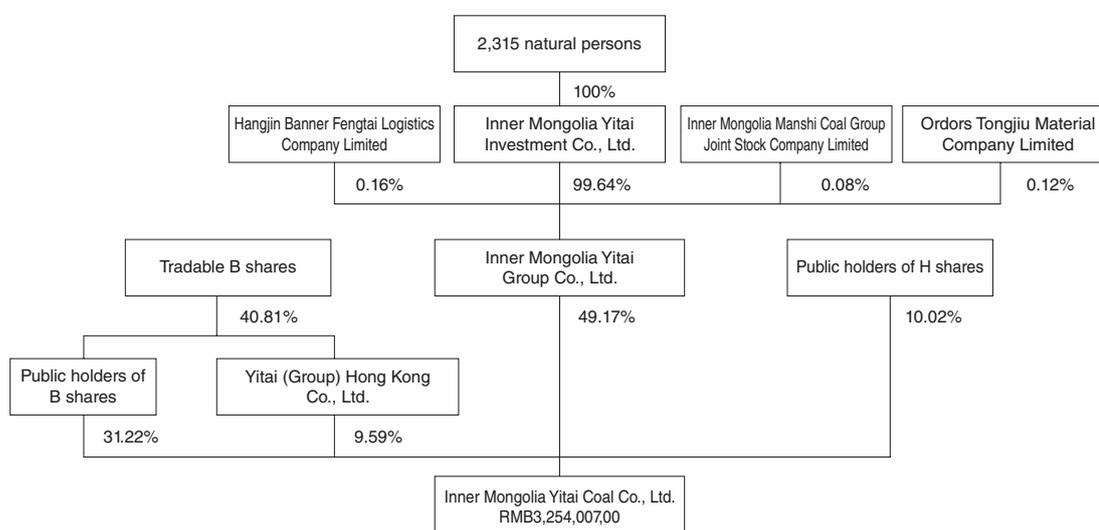


## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER (Continued)

#### (II) Information on the de facto controller (Continued)

##### 5. Chart concerning the property rights and controlling relationship between the Company and the de facto controller



Explanation: Yitai Investment intended to submit an application for the supervision of non-listed public companies and convened the inaugural meeting on 27 June 2017 to transform entirely into a company limited by shares with the share issue at the audited book value of net assets of RMB1,557,147,038.66 as of 31 December 2016, and with the witness of Global Law Office (Beijing), the on-site confirmation of the registered equity of unlisted public companies was completed and the authentic rights and shareholding were clear without dispute. On 14 October 2019, Yitai Investment signed the Equity Escrow Service Agreement with Inner Mongolia Equity Exchange Co., Ltd. (內蒙古股權交易中心股份有限公司). At present, the total number of shares under the escrow of Inner Mongolia Equity Exchange Co., Ltd. escrowed by Yitai Investment amounted to 720,495,144, with a total of 2,315 shareholders and the escrow ratio of 100%.

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### V. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as was known to directors, supervisors or chief executives of the Company, the following persons or corporations (other than directors, supervisors or chief executives of the Company) who had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") or as otherwise notified to the Company were as follows:

Unit: Share

Name of substantial shareholder	Class of shares	Type of interest	Long/Short position	No. of shares	Percentage of the underlying shares in issue (%) <sup>5,6</sup>	Percentage of the total issued shares (%) <sup>5,6</sup>
Inner Mongolia Yitai Group Co., Ltd. <sup>1</sup>	Non-overseas-listed foreign shares	Beneficial owner/ Interest of controlled corporation	Long	1,912,000,000	65.30	58.75
Inner Mongolia Yitai Investment Co., Ltd. <sup>2</sup>	Non-overseas-listed foreign shares	Interest of controlled corporation	Long	1,912,000,000	65.30	58.75
Yitai (Group) Hongkong Co., Ltd. <sup>1</sup>	Non-overseas-listed foreign shares	Beneficial owner	Long	312,000,000	10.65	9.58
Inner Mongolia Ordos Investment Holding Group Co., Ltd.	H shares	Beneficial owner	Long	55,443,600	17.00	1.70
Ordos Hongrui Trade Company Limited	H shares	Trust beneficiary	Long	44,711,200	13.71	1.37
China Datang Corporation <sup>3</sup>	H shares	Interest of controlled corporation	Long	36,062,200	11.06	1.11
Datang International (Hong Kong) Limited <sup>3</sup>	H shares	Beneficial owner	Long	36,062,200	11.06	1.11
Datang International Power Generation Co., Ltd. <sup>3</sup>	H shares	Interest of controlled corporation	Long	36,062,200	11.06	1.11
Inner Mongolia Manshi Investment Group Limited	H shares	Beneficial owner	Long	28,321,000	8.68	0.87
Great Huazhong Energy Co. Ltd	H shares	Beneficial owner	Long	27,168,000	8.33	0.83
Chen Yihong <sup>4</sup>	H shares	Interest of controlled corporation	Long	20,017,000	6.14	0.61
Harvest Luck Development Limited <sup>4</sup>	H shares	Interest of controlled corporation	Long	20,017,000	6.14	0.61
Poseidon Sports Limited <sup>4</sup>	H shares	Beneficial owner	Long	20,017,000	6.14	0.61



## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS (Continued)

### V. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

*Notes:*

1. Inner Mongolia Yitai Group Co., Ltd. holds the entire issued share capital of Yitai (Group) Hong Kong Co., Ltd. and is thus deemed to be interested in the 312,000,000 B shares held by Yitai (Group) Hong Kong Co., Ltd.. Inner Mongolia Yitai Group Co., Ltd. directly holds 1,600,000,000 domestic shares.
2. Inner Mongolia Yitai Investment Co., Ltd. holds 99.64% of the registered capital of Inner Mongolia Yitai Group Co., Ltd. and is thus deemed to be interested in all of the 1,912,000,000 shares directly or indirectly held by Inner Mongolia Yitai Group Co., Ltd..
3. Datang International (Hong Kong) Limited holds 36,062,200 shares (long position) of the Company. Datang International (Hong Kong) Limited is wholly owned by Datang International Power Generation Co., Ltd. while China Datang Corporation holds 53.61% of interests in H shares of Datang International Power Generation Co., Ltd.. Pursuant to the SFO, Datang International Power Generation Co., Ltd. and China Datang Corporation are deemed to be interested in the 36,062,200 shares (long position) held by Datang International (Hong Kong) Limited. As at 31 December 2022, 36,062,200 shares represented 11.06% of the H shares in issue.
4. Poseidon Sports Limited holds 20,017,000 shares (long position) of the Company. Harvest Luck Development Limited holds 100% interest in Poseidon Sports Limited while Harvest Luck Development Limited is wholly owned by Chen Yihong. Pursuant to the SFO, Chen Yihong and Harvest Luck Development Limited are deemed to be interested in the 20,017,000 shares (long position) held by Poseidon Sports Limited.
5. According to the Articles of Association, the Company has two classes of shares, namely (i) "non-overseas-listed foreign shares" which include domestic shares and B shares; and (ii) H shares.
6. The percentage of shareholdings is rounded down to the two decimal places.

Save as disclosed above, as at 31 December 2022, no person, other than the directors and supervisors of the Company whose interests are set out in the section headed "DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES" above, had any interest or short position in the shares or underlying shares of the Company that are required to be recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

## RELEVANT INFORMATION ON BONDS

### I. CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

#### (I) Corporate Bonds

##### 1. Overview of corporate bonds

Unit: yuan Currency: RMB

Name of corporate bond	Abbreviation	Bond code	Issuing date	Interest commencement date	Date of expiry	Balance of bonds	Interest rate (%)	Method of capital repayment with interest	Place of transaction	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risk of listing and trading termination
Tranche I bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2019	19 Yitai 01	155306	2 April 2019	4 April 2019	4 April 2024	180,000,000.00	4.90	Bonds of the tranche adopt single interest on annual basis with no compound interest counted. Interest will be paid once a year and the capital will be returned in a lump sum at the date of expiry. Interest of the last period will be paid together with the capital. Amount of interest arising from the bonds to be paid at the payment date to the investors is the product of the total face amount of the bonds of this tranche held by the investors till close-up of the interest registration date, and the corresponding annual nominal interest rate. Amount of capital and interest paid to the investors on the payment date includes the interest of the last period arising from the bonds, and the capital in the total face amount of the bonds held by the investors till close-up of the interest registration date.	Shanghai Stock Exchange	For professional institutional investors	Auction, quotation, inquiry and agreement	No
Tranche II bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2019	19 Yitai 02	155494	2 July 2019	2 July 2019	2 July 2024	129,000,000.00	4.75	Bonds of the tranche adopt single interest on annual basis with no compound interest counted. Interest will be paid once a year and the capital will be returned in a lump sum at the date of expiry. Interest of the last period will be paid together with the capital. Amount of interest arising from the bonds to be paid at the payment date to the investors is the product of the total face amount of the bonds of this tranche held by the investors till close-up of the interest registration date, and the corresponding annual nominal interest rate. Amount of capital and interest paid to the investors on the payment date includes the interest of the last period arising from the bonds, and the capital in the total face amount of the bonds held by the investors till close-up of the interest registration date.	Shanghai Stock Exchange	For professional institutional investors	Auction, quotation, inquiry and agreement	No



## RELEVANT INFORMATION ON BONDS (Continued)

### I. CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (Continued)

#### (I) Corporate Bonds (Continued)

##### 1. Overview of corporate bonds (Continued)

Name of corporate bond	Abbreviation	Bond code	Issuing date	Interest commencement date	Date of expiry	Balance of bonds	Interest rate (%)	Method of capital repayment with interest	Place of transaction	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risk of listing and trading termination
Tranche III bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2019	19 Yitai 03	155558	22 July 2019	22 July 2019	23 July 2024	0	4.70	Bonds of the tranche adopt single interest on annual basis with no compound interest counted. Interest will be paid once a year and the capital will be returned in a lump sum at the date of expiry. Interest of the last period will be paid together with the capital. Amount of interest arising from the bonds to be paid at the payment date to the investors is the product of the total face amount of the bonds of this tranche held by the investors till close-up of the interest registration date, and the corresponding annual nominal interest rate. Amount of capital and interest paid to the investors on the payment date includes the interest of the last period arising from the bonds, and the capital in the total face amount of the bonds held by the investors till close-up of the interest registration date.	Shanghai Stock Exchange	For professional institutional investors	Auction, quotation, inquiry and agreement	No
Tranche I ultra-short-term financing bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2022	22 Yitai Coal	SCP001012283024	24 August 2022	26 August 2022	25 October 2022	0	2.5	Repayment of principal and interest upon maturity	National Association of financial market institutional investors	Banks and non-bank financial institutional investors	Announcement, issuance, interest accrual and capital contribution	No

Reason for bond issue: To meet the needs of the production and operation of the Company, optimize and adjust the Company's debt structure, and reduce financing costs.

## RELEVANT INFORMATION ON BONDS (Continued)

### I. CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (Continued)

#### (I) Corporate Bonds (Continued)

##### 1. Overview of corporate bonds (Continued)

*Bond interest payment during the reporting period*

Bond name	Explanation on interest payment
Tranche I bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2019	The Company has completed principal repayment and interest payment in respect of 19 Yitai 01 on 6 April 2022.
Tranche II bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2019	The Company has completed principal repayment and interest payment in respect of 19 Yitai 02 on 4 July 2022.
Tranche III bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2019	The Company has completed principal repayment and interest payment in respect of 19 Yitai 03 on 31 May 2022.
Tranche I ultra-short-term financing bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2022	The Company has completed principal repayment and interest payment in respect of 229 Yitai Coal SCP001 on 25 October 2022.

##### 2. Agency providing services for bond issuance and duration business

Agency's name	Office address	Contact persons	Tel
Haitong Securities Co., Ltd.	No. 689, Guangdong Road, Shanghai	Zheng Yunqiao, Zhu Shuai	010-88027190



## RELEVANT INFORMATION ON BONDS (Continued)

### I. CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (Continued)

#### (I) Corporate Bonds (Continued)

##### 3. The use of raised funds at the end of the reporting period

Unit: yuan Currency: RMB

Name of bonds	Total amount of funds raised	Utilized amount	Unutilized amount	Operation of special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
Bonds of Inner Mongolia Yitai Coal Co., Ltd. of 2019 (first tranche)	500,000,000.00	500,000,000.00	0.00	Nil	Nil	Yes
Bonds of Inner Mongolia Yitai Coal Co., Ltd. of 2019 (second tranche)	1,000,000,000.00	1,000,000,000.00	0.00	Nil	Nil	Yes
Bonds of Inner Mongolia Yitai Coal Co., Ltd. of 2019 (third tranche)	1,000,000,000.00	1,000,000,000.00	0.00	Nil	Nil	Yes
Tranche I ultra-short-term financing bonds of Inner Mongolia Yitai Coal Co., Ltd. in 2022	300,000,000.00	300,000,000.00	0.00	Nil	Nil	Yes



## RELEVANT INFORMATION ON BONDS (Continued)

### I. CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (Continued)

#### (I) Corporate Bonds (Continued)

##### 4. Description of other information on corporate bonds

To improve the Company's capital utilization efficiency, optimize the capital structure, reduce the gearing ratio, save financial costs and enhance investors' confidence, based on the recognition of its own value and confidence in its future development, and in combination with the current actual operation and financial situation, the Company made three bond repurchases in respect of "19 Yitai 01", "19 Yitai 02" and "19 Yitai 03" issued by the Company after being approved at the fourteenth meeting of the eighth session of the Board of the Company. Such bond repurchases were targeted to all investors and the bond was repurchased in cash.

Unit: lot

	Date of repurchase	19 Yitai 01	19 Yitai 02	19 Yitai 03
Number of bonds repurchased at the first time	13 January 2022	320,000	871,000	/
Number of bonds repurchased at the second time	14 March 2022	0	0	998,000
Number of bonds repurchased at the third time	31 May 2022	0	0	2,000
Number of bonds outstanding upon completion of the repurchase		180,000	129,000	0

The Company has paid the fund on repurchase on 13 January 2022, 14 March 2022 and 31 May 2022, respectively.

The Company has completed the early delisting of 19 Yitai 03 corporate bonds on 13 June 2022. For details, please refer to the "Announcement on Early Delisting of Inner Mongolia Yitai Coal Co., Ltd.'s Public Issuance of 2019 Corporate Bonds (third tranche) in 2022" issued by the Company on the Shanghai Stock Exchange.



## RELEVANT INFORMATION ON BONDS (Continued)

### I. CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES (Continued)

#### (II) Accounting Data and Financial Indicators of the Company in the Latest Two Years as at the End of the Reporting Period

Unit: yuan Currency: RMB

Major indicators	2022	2021	Increase or decrease as compared with the same period of last year (%)
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	11,166,295,437.78	8,810,226,765.50	26.74
Liquidity ratio	1.77	1.36	0.41
Quick ratio	1.69	1.27	0.42
Debt to assets ratio (%)	36	46.29	-10.29
EBITDA ratio	0.90	0.57	0.33
Times interest earned	15.37	8.70	6.67
Cash times interest earned	26.28	12.89	13.39
EBITDA times interest earned	18.14	10.37	7.77
Loan repayment ratio (%)	100	100	-
Interest payment ratio (%)	100	100	-

### II. INFORMATION ON CONVERTIBLE CORPORATE BONDS

Not applicable

### I. AUDIT OPINION

We have audited the financial statements of Inner Mongolia Yitai Coal Co., Ltd. (“Yitai Coal Company” or “the Company”), which comprise the consolidated balance sheet and balance sheet of the parent company as at 31 December 2022, and the consolidated income statement and income statement of the parent company, consolidated cash flow statement and cash flow statement of the parent company, and consolidated statement of changes in shareholders’ equity and consolidated statement of changes in shareholders’ equity of the parent company, and the notes to the financial statements in 2022.

In our opinion, the financial statements attached below give a fair view of the consolidated financial position of the Company and the parent company as at 31 December 2022, and of its consolidated financial performance and cash flows of the Company and the parent company in 2022 in accordance with Accounting Standards for Business Enterprises.

### II. BASIS FOR OPINION

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of the audit report. We are independent of the Company in accordance with the Certified Public Accountants of China’s Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### III. KEY AUDIT MATTERS

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

We determined that the following matters are the key audit matters that need to be discussed in the audit report.

1. Impairment on long-term assets of coal-related chemical project
2. Recognition of revenue from sales of coal and coal-related chemical products



## FINANCIAL REPORT (Continued)

### III. KEY AUDIT MATTERS (Continued)

#### 2. Recognition of revenue from sales of coal and coal-related chemical products (Continued)

##### (I) Impairment on long-term assets of coal-related chemical project

###### 1. Description of the matter

For the accounting policies on long-term asset impairment of the Company, please refer to Note III, Principal Accounting Policies and Accounting Estimates: (XXVIII) Impairment on long-term assets. For the carrying amount of long-term assets of coal-related chemical project, please refer to Note XV: Explanation on Other Significant Events (II) Segment information: 3. Financial information of the reporting segments.

As of 31 December 2022, the carrying value of long-term assets of coal-related chemical projects of the Company was RMB18,963,833,200, accounting for 20.79% of the total assets. For the current period, Yitai Coal Company provided impairment loss on long-term assets of its coal-related chemical project in amount of RMB3,237,339,300, in particular, impairment loss of RMB2,803,634,700 was provided for the asset group of the 1 million tonnes coal-related chemical project of Yili Energy (see Note 16. Fixed assets and Note 17. Construction in progress under Note V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS for details). Due to the significant amount of long-term assets of coal-related chemical projects, the sign of asset impairment and impairment test involves basic assumptions, parameter settings, and the amount for which impairment provision is made rely on significant judgments and estimates made by management, there may be error or potential deviation therein. Therefore, we identified the long-term asset impairment of coal-related chemical projects as a key audit matter.

###### 2. How our audit addressed the key audit matter

We have performed the following key audit matter to address the impairment on long-term asset of coal-related chemical projects:

- (1) We understood, evaluated and tested the effectiveness of key internal control design and implementation related to asset impairment, and evaluate whether its internal control is effective;
- (2) Reviewed the management's relevant documents on the judgment of the sign of impairment on long-term asset of coal-related chemical projects, and evaluated whether the management's major judgments are reasonable and sufficient;

### III. KEY AUDIT MATTERS (Continued)

#### 2. Recognition of revenue from sales of coal and coal-related chemical products (Continued)

##### (I) Impairment on long-term assets of coal-related chemical project (Continued)

###### 2. How our audit addressed the key audit matter (Continued)

- (3) We acquired and reviewed the assessment report issued by the expert engaged by the management regarding the long-term asset impairment test for the coal-related chemical project, mainly including the following:
- 1) Evaluate the competency, professionalism and objectivity of the expert as engaged by the management;
  - 2) Evaluate the appropriateness of the impairment test methods selected for different groups of asset based on the assumption of the management;
  - 3) Make comparison and analysis between the key parameters involved in the impairment test with the historical figures, data of financial budget, market data of the same industry and recalculation of the accuracy of relevant arithmetical calculation of impairment test for different groups of asset.
  - 4) Review the discount rate, Sensitivity analysis on going concern basis, and consider the potential influence of those parameter and assumption on the impairment upon reasonably possible change to evaluate the impairment assessment conclusion.
- (4) Evaluate the reasonableness of the provision for asset impairment by the Yitai Coal Co., Ltd. and inspect the accounting processing of the provision for the asset impairment and the presentation and disclosure in the financial statement by the management according to the assessment report.

Based on the audit work performed, we believe that the evidence we have obtained supports the management's significant accounting estimates and judgments regarding the long-term asset impairment of the coal-related chemical projects.



## FINANCIAL REPORT (Continued)

### III. KEY AUDIT MATTERS (Continued)

#### 2. Recognition of revenue from sales of coal and coal-related chemical products (Continued)

##### (II) Recognition of sales revenue from coal and coal-related chemical products

###### 1. Description of the matter

For the accounting policies on operating revenue of Yitai Coal Company, please refer to Note III, Principal Accounting Policies and Accounting Estimates: (XXXVI) Revenue. For the carrying amount of operating revenue, please refer to Note 45. Operating revenue and operating costs under Note V. Notes to Major Items of the Consolidated Financial Statements.

Yitai Coal Company's operating income in 2022 was RMB60,646,668,600, an increase of 19.68% over that of the same period of last year. Operating revenue of Yitai Cola Company mainly generated from coal sales, chemical products sales, and transportation services. Among them, the operating revenues of coal sales and sales of chemical products for the current period were RMB49,372,501,900 and RMB9,911,756,800, representing increases of 16.98% and 43.63% over that of the same period of the previous year, respectively.

The generation and integrity of sales income of coal and coal-related chemical products will have a great impact on the operating results, as the Company takes income as one of its key performance indicators and there may be risks associated with income recognition. Therefore, we recognize the recognition of sales income of coal and coal-related chemical products as a key audit matter.

###### 2. How our audit addressed the key audit matter

We have performed the following key audit matter to address the sales income of coal and coal-related chemical products:

- (1) Understand, evaluate and examine the effectiveness of the design and implementation of coal sales income's key related internal controls, and evaluate whether the internal controls are effective.
- (2) Review whether the recognition conditions and methods of income meet the requirements of the Accounting Standards for Business Enterprises and relevant accounting policy of Yitai Coal Company.
- (3) Implement the analytical procedures combining the operation of coal, coal-related chemical industry of the current period, including the major product sales income and analysis of the change of gross profit margin for the current period, the analysis of change in each month for the current period, the analysis of financial budget comparison and the analysis of comparison within the same industry.

### III. KEY AUDIT MATTERS (Continued)

#### 2. Recognition of revenue from sales of coal and coal-related chemical products (Continued)

##### (II) Recognition of sales revenue from coal and coal-related chemical products (Continued)

###### 2. How our audit addressed the key audit matter (Continued)

- (4) Inquire about the market prices of major products, obtain pricing documents for the Company's major products, and review whether the prices of the major products are consistent with the market trend, and pay attention to the fairness of the pricing of related transactions.
- (5) Extract a certain number of billing vouchers, review whether the entry date, product name, quantity, amount and so on are consistent with the sales contract, shipping voucher, inspection report and sales invoice.
- (6) Extract a certain number of shipping vouchers, review whether the inventory delivery date, quantity, amount and so on are consistent with the sales contract, voucher, quality inspection report and sales invoice.
- (7) Combined with the letter certification procedures for the account receivables, select the major customers to confirm the current coal sales.
- (8) Implement coal sales revenue cut-off test.

Based on the audit work performed, we believe that the evidence we have obtained supports the management's judgment on the Company's income from sales of coal and coal-related chemical products.

### IV. OTHER INFORMATION

The management of Yitai Coal Company is responsible for other information. Other information comprises the information included in the 2022 annual report of Yitai Coal Company, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## FINANCIAL REPORT (Continued)

### V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of Yitai Coal Company is responsible for preparing of the financial statements that give a fair view in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Yitai Coal Company's ability to continue as a going concern, disclosure of matters regarding going concern (where applicable), and using the going concern basis of accounting unless the management either intend to liquidate Yitai Coal Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Yitai Coal Company's reporting process.

### VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the financial statements.

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

1. identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Yitai Coal Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Yitai Coal Company to cease to continue as a going concern.



### VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT (Continued)

5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Yitai Coal Company to express an auditors' opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditors' opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards (if applicable).

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

Da Hua Certified Public Accountants  
(Special General Partnership)

Beijing, the PRC

Chinese Certified Public Accountant: (Project Partner)  
Gong Xinping

Chinese Certified Public Accountant: Zhao Xi

29 March 2023



## CONSOLIDATED BALANCE SHEET

At 31 December 2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

Unit: Yuan Currency: RMB

Assets	Note V	Closing balance	Closing balance of last period
<b>Current assets:</b>			
Monetary funds	Note 1	<b>21,692,911,649.18</b>	17,435,397,989.24
Trading financial assets	Note 2	<b>792,370,547.95</b>	
Derivative financial asset			
Notes receivable	Note 3		9,480,000.00
Accounts receivable	Note 4	<b>1,051,648,720.21</b>	2,062,907,211.12
Financing receivable	Note 5	<b>100,000.00</b>	42,309,185.36
Prepayments	Note 6	<b>605,903,309.55</b>	807,294,885.73
Other receivables	Note 7	<b>1,082,764,083.65</b>	1,055,567,693.48
Inventories	Note 8	<b>1,278,889,923.57</b>	1,567,825,588.34
Contract assets			
Assets held for sale			
Non-current assets due within one year	Note 9	<b>188,508,259.96</b>	
Other current assets	Note 10	<b>1,142,103,201.66</b>	1,375,631,949.39
<b>Total current assets</b>		<b><u>27,835,199,695.73</u></b>	<b><u>24,356,414,502.66</u></b>
<b>Non-Current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables	Note 11	<b>389,804,507.36</b>	
Long-term equity investment	Note 12	<b>10,192,178,054.47</b>	10,250,841,540.67
Investments in other equity instruments	Note 13	<b>8,703,242,279.34</b>	7,866,716,736.29
Other non-current financial assets	Note 14	<b>1,769,005,603.86</b>	1,665,376,554.35
Investment property	Note 15	<b>397,354,999.55</b>	701,374,773.44
Fixed assets	Note 16	<b>27,524,206,694.01</b>	29,367,375,927.88
Construction in progress	Note 17	<b>6,502,403,984.04</b>	10,412,594,323.74
Productive biological assets			
Oil and gas assets			
Right-of-use assets	Note 18	<b>34,134,390.95</b>	39,158,623.81
Intangible assets	Note 19	<b>4,316,452,422.18</b>	4,401,859,596.20
Development expenditure			
Goodwill			
Long-term deferred expenses	Note 20	<b>2,061,986,237.71</b>	1,883,476,053.30
Deferred income tax assets	Note 21	<b>787,241,233.65</b>	889,192,225.39
<b>Other non-current assets</b>	Note 22	<b>703,922,503.92</b>	653,537,306.36
		<b><u>63,381,932,911.04</u></b>	<b><u>68,131,503,661.43</u></b>
<b>Total assets</b>		<b><u>91,217,132,606.77</u></b>	<b><u>92,487,918,164.09</u></b>

## CONSOLIDATED BALANCE SHEET (Continued)

At 31 December 2022

Liabilities and shareholders' equity	Note V	Closing balance	Closing balance of last period
<b>Current liabilities:</b>			
Short-term borrowings	Note 23		30,029,241.65
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	Note 24	<b>4,341,329,745.36</b>	1,919,032,313.94
Accounts payable	Note 25	<b>3,235,900,209.67</b>	2,192,974,798.18
Prepayments	Note 26	<b>7,889,896.34</b>	5,623.52
Contract liabilities	Note 27	<b>885,584,982.32</b>	768,311,985.85
Staff remuneration payable	Note 28	<b>720,358,528.17</b>	367,577,177.80
Taxes payable	Note 29	<b>1,483,093,822.13</b>	3,822,144,979.80
Other payables	Note 30	<b>1,777,679,987.45</b>	2,491,669,969.08
Liabilities held for sale			
Non-current liabilities due within one year	Note 31	<b>3,188,401,822.35</b>	6,293,553,768.02
Other current liabilities	Note 32	<b>112,892,668.49</b>	113,913,030.07
<b>Total current liabilities</b>		<b><u>15,753,131,662.28</u></b>	<b><u>17,999,212,887.91</u></b>
<b>Non-current liabilities:</b>			
Long-term borrowings	Note 33	<b>13,303,307,884.94</b>	19,319,490,585.86
Bonds payable	Note 34	<b>305,138,200.63</b>	2,448,817,239.00
Including: Preference shares			
Including: Perpetual bonds			
Lease liabilities	Note 35	<b>865,738.78</b>	3,954,457.27
Long-term payables	Note 36	<b>991,656,183.47</b>	751,315,837.42
Long-term staff remuneration payable			
Projected liabilities	Note 37	<b>1,439,119,007.49</b>	1,439,369,439.63
Deferred income	Note 38	<b>43,997,909.43</b>	83,226,852.13
Deferred income tax liabilities	Note 21	<b>1,000,628,316.39</b>	771,162,351.94
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b><u>17,084,713,241.13</u></b>	<b><u>24,817,336,763.25</u></b>
<b>Total liabilities</b>		<b><u>32,837,844,903.41</u></b>	<b><u>42,816,549,651.16</u></b>



## CONSOLIDATED BALANCE SHEET (Continued)

At 31 December 2022

Liabilities and shareholders' equity	Note V	Closing balance	Closing balance of last period
<b>Shareholders' equity:</b>			
Share capital	Note 39	<b>3,254,007,000.00</b>	3,254,007,000.00
Other equity instruments			
Including: Preference shares			
Including: Perpetual bonds			
Capital reserves	Note 40	<b>3,962,664,172.54</b>	4,061,814,070.37
Less: Treasury shares			
Other comprehensive income	Note 41	<b>2,177,650,719.85</b>	1,549,115,149.34
Special reserve	Note 42	<b>415,358,330.07</b>	146,701,402.26
Surplus reserve	Note 43	<b>1,634,024,476.72</b>	1,634,024,476.72
Undistributed profit	Note 44	<b>38,136,077,808.15</b>	30,221,859,474.37
Total equity attributable to shareholders of the parent company		<b>49,579,782,507.33</b>	40,867,521,573.06
Minority interests		<b>8,799,505,196.03</b>	8,803,846,939.87
<b>Total shareholders' equity</b>		<b><u>58,379,287,703.36</u></b>	<b><u>49,671,368,512.93</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>91,217,132,606.77</u></b>	<b><u>92,487,918,164.09</u></b>

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
Head of accounting department: Hu Guojun

## BALANCE SHEET OF THE PARENT COMPANY

At 31 December 2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

Unit: Yuan Currency: RMB

Assets	Note XVI	Closing balance	Closing balance of last period
<b>Current assets:</b>			
Monetary funds		8,155,549,945.77	4,965,854,844.01
Trading financial assets		602,370,547.95	
Derivative financial assets			
Notes receivable			
Accounts receivable	Note 1	3,054,815,869.23	403,552,742.37
Financing receivable			
Prepayments		354,291,661.85	480,607,647.58
Other receivables	Note 2	6,552,727,710.47	10,843,867,126.68
Inventories		508,147,006.10	708,240,079.78
Contract assets			
Assets held for sale			
Non-current assets due within one year		118,691,918.28	
Other current assets		1,092,207,947.77	713,306,637.59
<b>Total current assets</b>		<b><u>20,438,802,607.42</u></b>	<b><u>18,115,429,078.01</u></b>
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables		265,855,656.74	
Long-term equity investments	Note 3	23,588,038,623.70	24,794,146,908.06
Investments in other equity instruments		7,452,543,967.10	6,608,736,778.49
Other non-current financial assets		5,293,725.25	6,453,385.64
Investment property		365,394,303.04	667,443,129.44
Fixed assets		3,008,943,200.46	3,185,874,312.45
Construction in progress		628,805,174.27	9,044,087.54
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		788,169,578.08	811,979,599.79
Development expenditure			
Goodwill			
Long-term deferred expenses		791,998,519.11	628,161,165.16
Deferred income tax assets		298,731,324.39	1,047,824,359.25
Other non-current assets		521,148,141.87	
<b>Total non-current assets</b>		<b><u>37,714,922,214.01</u></b>	<b><u>37,759,663,725.82</u></b>
<b>Total assets</b>		<b><u>58,153,724,821.43</u></b>	<b><u>55,875,092,803.83</u></b>



## BALANCE SHEET OF THE PARENT COMPANY (Continued)

At 31 December 2022

Liabilities and shareholders' equity	Note XVI	Closing balance	Closing balance of last period
<b>Current liabilities:</b>			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		7,408,499,048.75	1,947,405,277.46
Accounts payable		2,274,529,288.52	1,988,624,633.51
Prepayments		1,887,857.34	
Contract liabilities		272,617,463.07	1,625,170,937.82
Staff remuneration payable		218,973,359.94	142,123,339.10
Taxes payable		534,209,319.63	1,907,041,127.08
Other payables		516,697,964.93	502,081,998.68
Liabilities held for sale			
Non-current liabilities due within one year		1,521,134,477.82	5,176,742,108.95
Other current liabilities		35,428,852.06	227,942,998.90
<b>Total current liabilities</b>		<b>12,783,977,632.06</b>	<b>13,517,132,421.50</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		3,236,000,000.00	5,749,700,000.00
Bonds payable		305,138,200.63	2,448,817,239.00
Including: Preference shares			
Including: Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term staff remuneration payable			
Projected liabilities		1,003,213,443.37	1,004,096,202.77
Deferred income		1,474,999.88	1,754,999.94
Deferred income tax liabilities		822,130,317.64	634,105,875.67
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>5,367,956,961.52</b>	<b>9,838,474,317.38</b>
<b>Total liabilities</b>		<b>18,151,934,593.58</b>	<b>23,355,606,738.88</b>

## BALANCE SHEET OF THE PARENT COMPANY (Continued)

At 31 December 2022

Liabilities and shareholders' equity	Note XVI	Closing balance	Closing balance of last period
<b>Shareholders' equity:</b>			
Share capital		<b>3,254,007,000.00</b>	3,254,007,000.00
Other equity instruments			
Including: Preference shares			
Including: Perpetual bonds			
Capital reserve		<b>1,481,460,662.38</b>	1,475,392,366.76
Less: Treasury shares			
Other comprehensive income		<b>2,243,757,563.75</b>	1,610,902,172.29
Special reserve		<b>218,138,915.71</b>	85,753,969.42
Surplus reserve		<b>1,634,024,476.72</b>	1,634,024,476.72
Undistributed profit		<b><u>31,170,401,609.29</u></b>	<u>24,459,406,079.76</u>
<b>Total shareholders' equity</b>		<b><u>40,001,790,227.85</u></b>	<u>32,519,486,064.95</u>
<b>Total liabilities and shareholders' equity</b>		<b><u>58,153,724,821.43</u></b>	<u>55,875,092,803.83</u>

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
Head of accounting department: Hu Guojun

## CONSOLIDATED INCOME STATEMENT

At 31 December 2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

(All amounts in RMB yuan unless otherwise stated)

Items	Note V	Amount for current period	Amount for last period
<b>I. Total operating revenue</b>	Note 45	<b>60,646,668,649.47</b>	50,675,643,199.43
Less: Operating cost	Note 45	<b>36,320,150,590.89</b>	31,827,244,234.38
Tax and surcharges	Note 46	<b>3,015,650,517.65</b>	2,415,961,068.28
Selling expenses	Note 47	<b>273,223,059.27</b>	204,676,592.69
Administrative expenses	Note 48	<b>1,691,359,720.40</b>	1,464,328,036.03
Research and development costs	Note 49	<b>480,623,451.68</b>	283,895,819.69
Finance costs	Note 50	<b>940,988,312.27</b>	1,569,063,419.24
Of which: Interest expenses		<b>1,064,644,724.99</b>	1,645,608,924.80
Interest income		<b>128,661,799.93</b>	85,406,814.36
Add: Other income	Note 51	<b>216,712,659.32</b>	75,597,390.13
Investment income (loss is presented in "-")	Note 52	<b>902,599,698.23</b>	787,189,778.61
Of which: Gains from investment in associates and joint ventures		<b>1,020,604,200.30</b>	551,646,196.47
Including: Gains from de-recognition of financial assets measured at amortised costs		<b>-15,664,150.02</b>	
Gain on net exposure hedging (loss is presented in "-")			
Gains from changes in fair value (loss is presented in "-")	Note 53	<b>116,039,209.70</b>	5,578,382.39
Loss on credit impairment (loss is presented in "-")	Note 55	<b>411,882.03</b>	-11,538,804.38
Asset impairments loss (loss is presented in "-")	Note 54	<b>-3,257,809,088.53</b>	-891,316,326.61
Gains from disposal of assets (loss is presented in "-")	Note 56	<b>-9,769,128.57</b>	53,240,191.87
<b>II. Profit from operations</b>		<b>15,892,858,229.49</b>	12,929,224,641.13
Add: Non-operating income	Note 58	<b>130,682,457.41</b>	46,311,984.64
Less: Non-operating expense	Note 59	<b>723,760,230.63</b>	303,970,380.99
<b>III. Total profit</b>		<b>15,299,780,456.27</b>	12,671,566,244.78
Less: Income tax expenses	Note 60	<b>2,974,196,039.73</b>	2,797,140,702.07
<b>IV. Net profit</b>		<b>12,325,584,416.54</b>	9,874,425,542.71
Including: net profit recorded by the acquiree before the combination under business combination under common control			
(I) Classified on a going concern basis			
Net profit from continuing operations (loss is presented in "-")		<b>12,325,584,416.54</b>	9,874,425,542.71
Net profit from discontinued operations (loss is presented in "-")			
(II) Classified according to the ownership			
Net profit attributable to the owners of the parent company (loss is presented in "-")		<b>10,975,354,792.47</b>	8,643,452,999.77
Minority interests (loss is presented in "-")		<b>1,350,229,624.07</b>	1,230,972,542.94



## CONSOLIDATED INCOME STATEMENT (Continued)

At 31 December 2022

Items	Note V	Amount for current period	Amount for last period
<b>V. Net other comprehensive income after taxes</b>		<b>630,329,440.96</b>	453,500,440.53
<b>Net other comprehensive income attributable to owners of the parent company after taxes</b>		<b>628,535,570.51</b>	459,247,469.94
<b>(I) Other comprehensive income that cannot be reclassified to profit and loss</b>		<b>626,372,122.28</b>	459,824,800.78
1. Re-measuring changes of defined benefit plan			
2. Other comprehensive income that cannot be converted into profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments		<b>626,372,122.28</b>	459,824,800.78
4. Changes in fair value of enterprise's own credit risk			
5. Others			
<b>(II) Other comprehensive income that may be reclassified to profit or loss</b>		<b>2,163,448.23</b>	-577,330.84
1. Other comprehensive income that can be converted to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Exchange differences from retranslation of foreign currency financial statements		<b>2,163,448.23</b>	-577,330.84
7. Investment income from a package disposal of subsidiaries before the loss of control			
8. Conversion of other assets to investment property measured by fair value model			
9. Others			



## CONSOLIDATED INCOME STATEMENT (Continued)

At 31 December 2022

Items	Note V	Amount for current period	Amount for last period
<b>Net other comprehensive income attributable to minority shareholders after taxes</b>		<b>1,793,870.45</b>	-5,747,029.41
<b>VI. Total comprehensive income</b>		<b>12,955,913,857.50</b>	10,327,925,983.24
Total comprehensive income attributable to the owners of the parent company		<b>11,603,890,362.98</b>	9,102,700,469.71
Total comprehensive income attributable to minority shareholders		<b>1,352,023,494.52</b>	1,225,225,513.53
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share		<b>3.3729</b>	2.6562
(II) Diluted earnings per share		<u>          /</u>	<u>          /</u>

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
 Head of accounting department: Hu Guojun

## INCOME STATEMENT OF THE PARENT COMPANY

2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

*(All amounts in RMB yuan unless otherwise stated)*

Items	Note XVI	2022	2021
<b>I. Revenue from operations</b>	Note 4	<b>43,612,892,410.80</b>	35,420,672,790.98
Less: Operating cost	Note 4	<b>32,631,825,159.96</b>	27,234,614,239.81
Tax and surcharges		<b>1,469,994,591.60</b>	1,296,337,663.52
Selling expenses		<b>207,385,292.92</b>	140,258,799.32
Administrative expenses		<b>905,891,206.57</b>	869,767,589.02
Research and development expense		<b>12,294,234.57</b>	9,552,652.31
Finance costs		<b>223,237,635.85</b>	669,136,102.80
Including: Interest expenses		<b>277,280,161.81</b>	696,773,156.07
Interest income		<b>55,806,422.75</b>	35,598,904.14
Add: Other income		<b>7,745,838.65</b>	8,274,407.84
Investment income (loss is presented in "-")	Note 5	<b>8,149,713,856.22</b>	4,293,425,993.76
Of which: Gains from investment in associates and joint ventures		<b>1,013,919,756.24</b>	574,228,420.67
Including: Gains from de-recognition of financial assets measured at amortised costs			
Gain on net exposure hedging (loss is presented in "-")			
Gains from changes in fair value (loss is presented in "-")		<b>1,655,332.00</b>	-5,706,392.68
Loss on credit impairment (loss is presented in "-")		<b>-2,603,379,100.62</b>	-1,383,556,339.50
Asset impairment loss (loss is presented in "-")		<b>-2,128,327,805.31</b>	-47,083,868.07
Gains from disposal of assets (loss is presented in "-")		<b>-35,299,763.95</b>	24,699,557.11
<b>II. Profit from operations</b>		<b>11,554,372,646.32</b>	8,091,059,102.66
Add: Non-operating income		<b>9,076,187.72</b>	19,683,295.12
Less: Non-operating expense		<b>173,123,631.51</b>	125,652,299.46
<b>III. Total profit</b>		<b>11,390,325,202.53</b>	7,985,090,098.32
Less: Income tax expenses		<b>1,653,103,163.00</b>	1,008,865,277.45
<b>IV. Net profit</b>		<b>9,737,222,039.53</b>	6,976,224,820.87
(I) Net profit from continuing operations (loss is presented in "-")		<b>9,737,222,039.53</b>	6,976,224,820.87
(II) Net profit from discontinued operations (loss is presented in "-")			



## INCOME STATEMENT OF THE PARENT COMPANY (Continued)

2022

Items	Note XVI	2022	2021
<b>V. Net other comprehensive income after taxes</b>		<b>632,855,391.46</b>	604,095,993.95
<b>(I) Other comprehensive income that cannot be reclassified into profit or loss</b>		<b>632,855,391.46</b>	604,095,993.95
1. Re-measuring net changes of defined benefit plan			
2. Other comprehensive income that cannot be converted into profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments		<b>632,855,391.46</b>	604,095,993.95
4. Changes in fair value of the enterprise's own credit risk			
5. Others			
<b>(II) Other comprehensive income that will be reclassified into profit or loss</b>			
1. Other comprehensive income that can be converted into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Exchange differences from retranslation of foreign currency financial statements			
7. Investment income from a package disposal of subsidiaries before the loss of control			
8. Conversion of other assets to investment property measured by fair value model			
9. Others			
<b>VI. Total comprehensive income</b>		<b><u>10,370,077,430.99</u></b>	<b><u>7,580,320,814.82</u></b>
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share			
(II) Diluted earnings per share			

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
 Head of accounting department: Hu Guojun

## CONSOLIDATED CASH FLOW STATEMENT

2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

(All amounts in RMB yuan unless otherwise stated)

Items	Note V	Amount for current period	Amount for last period
<b>I. Cash flow from operating activities:</b>			
Cash received from sales of goods and provision of services		<b>70,668,254,114.93</b>	56,803,180,037.44
Refunds of taxes		<b>1,033,112,776.72</b>	39,041,439.43
Other cash received from activities relating to operation	Note 60.1	<b>328,582,362.82</b>	250,756,437.95
Sub-total of cash inflows from operating activities		<b>72,029,949,254.47</b>	57,092,977,914.82
Cash paid for goods purchased and service rendered		<b>34,088,780,970.31</b>	31,502,386,326.11
Cash paid to and on behalf of employees		<b>1,666,248,549.83</b>	1,234,827,560.99
Taxes paid		<b>12,992,822,112.96</b>	5,936,603,525.45
Other cash paid for activities relating to operation	Note 60.2	<b>1,117,816,434.35</b>	667,035,448.15
Sub-total of cash outflow from operating activities		<b>49,865,668,067.45</b>	39,340,852,860.70
<b>Net cash flows from operating activities</b>		<b>22,164,281,187.02</b>	17,752,125,054.12
<b>II. Cash flow from investment activities:</b>			
Cash received from disposal of investments		<b>3,530,039,582.15</b>	45,551,502.59
Cash received from gains in investments		<b>585,755,274.16</b>	368,822,993.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>1,151,717,879.21</b>	374,210,682.40
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investment activities	Note 60.3	<b>242,632,344.05</b>	657,171,045.24
Sub-total of cash inflows from investment activities		<b>5,510,145,079.57</b>	1,445,756,223.54
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		<b>1,941,479,831.74</b>	981,460,933.18
Cash paid for investment		<b>4,512,200,838.60</b>	974,322,893.15
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid relating to investing activities	Note 60.4		734,955,800.00
Sub-total of cash outflow from investment activities		<b>6,453,778,670.34</b>	2,690,739,626.33
<b>Net cash flow from investment activities</b>		<b>-943,535,590.77</b>	-1,244,983,402.79



## CONSOLIDATED CASH FLOW STATEMENT (Continued)

2022

Items	Note V	Amount for current period	Amount for last period
<b>III. Cash flow from financing activities</b>			
Cash received from investments		3,548,000.00	10,460,000.00
Of which: Cash received by subsidiaries from minority shareholder's investment		3,548,000.00	10,460,000.00
Cash received from borrowings		<u>3,222,147,597.38</u>	<u>5,971,973,204.91</u>
Other cash received relating to financing activities			
Sub-total of cash inflow from financing activities		<u>3,225,695,597.38</u>	<u>5,982,433,204.91</u>
Cash repayments of debts		14,584,392,021.41	12,332,665,813.65
Cash payments for dividend and profit distribution or interest repayment		4,579,404,655.16	2,269,781,963.36
Of which: Dividend and profit paid by subsidiary to minority shareholders		600,768,399.00	
Other cash paid relating to financing activities	Note 60.5	<u>1,025,285,522.91</u>	<u>2,105,690,252.38</u>
Sub-total of cash outflow from financing activities		<u>20,189,082,199.48</u>	<u>16,708,138,029.39</u>
Net cash flow from financing activities		<u>-16,963,386,602.10</u>	<u>-10,725,704,824.48</u>
<b>IV. Effect on cash and cash equivalents due to changes in foreign exchange rates</b>		12,076,089.75	-3,055,917.61
<b>V. Net increase in cash and cash equivalents</b>		4,269,435,083.90	5,778,380,909.24
Add: Balance of cash and cash equivalents at the beginning of the period	Note 61.4	<u>17,070,891,520.47</u>	<u>11,292,510,611.23</u>
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<u>21,340,326,604.37</u>	<u>17,070,891,520.47</u>

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
Head of accounting department: Hu Guojun

## CASH FLOW STATEMENT OF THE PARENT COMPANY

2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

(All amounts in RMB Yuan unless otherwise stated)

Items	Note XVI	2022	2021
<b>I. Cash flow from operating activities:</b>			
Cash received from sales of goods and provision of services		44,665,174,471.76	40,978,744,059.22
Refunds of taxes		1,411,432.21	
Other cash received from activities relating to operation		165,228,440.25	99,890,844.20
Sub-total of cash inflows from operating activities		44,831,814,344.22	41,078,634,903.42
Cash paid for goods purchased and service received		28,967,892,170.01	27,375,925,391.91
Cash paid to and on behalf of employees		560,601,239.40	412,267,171.43
Taxes paid		6,472,472,151.48	3,109,870,239.49
Other cash paid for activities relating to operation		701,195,417.48	358,168,055.65
Sub-total of cash outflow from operating activities		36,702,160,978.37	31,256,230,858.48
<b>Net cash flows from operating activities</b>		<b>8,129,653,365.85</b>	<b>9,822,404,044.94</b>
<b>II. Cash flow from investment activities:</b>			
Cash received from disposal of investments		3,641,041,922.43	38,847,842.12
Cash received from gains in investments		7,385,662,180.96	2,858,627,732.18
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		136,237,596.38	293,804,514.83
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investment activities		1,116,104,541.95	24,667,851.20
Sub-total of cash inflows from investment activities		12,279,046,241.72	3,215,947,940.33
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		667,314,613.23	499,361,323.24
Cash paid for investment		4,630,156,439.33	3,076,732,275.17
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid relating to investing activities		311,320,000.00	715,604,376.10
Sub-total of cash outflow from investment activities		5,608,791,052.56	4,291,697,974.51
<b>Net cash flow from investment activities</b>		<b>6,670,255,189.16</b>	<b>-1,075,750,034.18</b>



## CASH FLOW STATEMENT OF THE PARENT COMPANY (Continued)

2022

Items	Note XVI	2022	2021
<b>III. Cash flow from financing activities:</b>			
Cash received from investments			
Cash received from borrowings		<u>1,600,000,000.00</u>	<u>1,700,000,000.00</u>
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities		<u>1,600,000,000.00</u>	<u>1,700,000,000.00</u>
Cash repayments of debts		<u>9,899,700,000.00</u>	7,579,875,000.00
Cash payments for dividend and profit distribution or interest repayment		<u>3,373,135,495.36</u>	1,599,155,085.85
Other cash paid relating to financing activities			
Sub-total of cash outflow from financing activities		<u>13,272,835,495.36</u>	<u>9,179,030,085.85</u>
<b>Net cash flow from financing activities</b>		<u><b>-11,672,835,495.36</b></u>	<u><b>-7,479,030,085.85</b></u>
<b>IV. Effect on cash and cash equivalents due to changes in foreign exchange rates</b>			
<b>V. Net increase in cash and cash equivalents</b>		<b>3,127,073,059.65</b>	1,267,623,924.91
Add: Balance of cash and cash equivalents at the beginning of the period		<u>4,943,779,663.35</u>	3,676,155,738.44
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<u><b>8,070,852,723.00</b></u>	<u><b>4,943,779,663.35</b></u>

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
Head of accounting department: Hu Guojun



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2022

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

(All amounts in RMB yuan unless otherwise stated)

Items	Amount for current period										Total shareholders' equity	
	Equity attributable to shareholders of the Parent Company					Other equity instrument						
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income <sup>a</sup>	Special reserve	Surplus reserve	Undistributed profit		Minority interests
<b>I. Closing balance of the previous year</b>	3,254,007,000.00				4,061,814,070.37		1,549,115,149.34	146,701,402.26	1,634,024,476.72	30,221,859,474.37	8,803,846,939.87	49,671,388,512.93
Add: Changes in accounting policies												
Correction for error in previous period												
Business combination under common control												
Others												
<b>II. Opening balance of current year</b>	3,254,007,000.00				4,061,814,070.37		1,549,115,149.34	146,701,402.26	1,634,024,476.72	30,221,859,474.37	8,803,846,939.87	49,671,388,512.93
<b>III. Changes for the current year</b>					-99,149,897.83		628,535,570.51	288,666,927.81		7,914,216,333.78	-4,341,743.84	8,707,919,190.43
(I) Total comprehensive income						628,535,570.51				10,975,354,792.47	1,352,023,494.52	12,955,913,857.50
(II) Shareholder contribution and capital decrease					-105,218,193.45					-34,909,948.69	-504,524,450.72	-644,652,592.86
1. Ordinary shares contributed by shareholders											3,546,000.00	3,546,000.00
2. Capital contribution from owners of other equity instruments												
3. Amount of share-based payment included in shareholders' equity												
4. Others					-105,218,193.45							
(III) Profit distributions												
1. Appropriations of surplus reserve												
2. Distributions to shareholders												
3. Others												
(IV) Internal transfer of shareholders' equity												
1. Transfer to share capital from capital reserve												
2. Transfer to share capital from surplus reserve												
3. Surplus reserves for making up losses												
4. Changes in defined benefit plans transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriations in the period												
2. Utilisation in the period												
(VI) Others					6,068,295.62							
<b>IV. Closing balance for the current year</b>	3,254,007,000.00				3,962,664,172.54		2,177,650,719.85	415,368,330.07	1,634,024,476.72	38,136,077,808.15	8,799,305,196.03	58,379,287,703.36



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

2022

Items	Amount for last year										Total shareholders' equity	
	Equity attributable to shareholders of the Parent Company											
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Undistributed profit
<b>I. Closing balance of the previous year</b>	3,254,007,000.00				4,578,059,266.49		1,089,867,679.40	191,254,433.25	1,634,024,476.72	22,313,812,066.60	10,052,612,010.38	43,113,636,922.84
Add: Changes in accounting policies												
Correction for error in previous period												
Business combination under common control												
Others												
<b>II. Opening balance of current year</b>	3,254,007,000.00				4,578,059,266.49		1,089,867,679.40	191,254,433.25	1,634,024,476.72	22,313,812,066.60	10,052,612,010.38	43,113,636,922.84
<b>III. Changes for the current year</b>					-516,245,196.12		-459,247,469.94	-44,553,030.99		7,908,047,417.77	-1,248,765,070.51	6,557,731,590.09
(I) Total comprehensive income							459,247,469.94			8,643,452,999.77	1,225,225,513.53	10,327,925,993.24
(II) Shareholder contribution and capital decrease					-516,405,630.79					-1,582,478,151.23		-2,098,883,782.02
1. Ordinary shares contributed by shareholders											460,000.00	460,000.00
2. Capital contribution from owners of other equity instruments												
3. Amount of share-based payment included in shareholders' equity												
4. Others					-516,405,630.79							
(III) Profit distributions												
1. Appropriations of surplus reserve										-735,405,582.00		-735,405,582.00
2. Distributions to shareholders										-864,000,000.00		-864,000,000.00
3. Others												
(IV) Internal transfer of shareholders' equity												
1. Transfer to share capital from capital reserve												
2. Transfer to share capital from surplus reserve												
3. Surplus reserves for making up losses												
4. Changes in defined benefit plans transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriations in the period												
2. Utilisation in the period												
(VI) Others					160,434.67							160,434.67
<b>IV. Closing balance for the current year</b>	3,254,007,000.00				4,061,814,070.37		1,549,115,149.34	146,701,402.26	1,634,024,476.72	30,221,859,474.37	8,803,846,939.87	49,671,368,512.93

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan Person in charge of accounting: Jin Rong

Head of accounting department: Hu Guojun

Prepared by: Inner Mongolia Yitai Coal Co., Ltd.

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount in current period							Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit
<b>I. Closing balance of the previous year</b>	<b>3,254,007,000.00</b>				<b>1,475,392,366.76</b>		<b>1,610,902,172.29</b>	<b>85,753,989.42</b>	<b>1,634,024,476.72</b>	<b>24,459,406,079.76</b>	<b>32,519,486,064.95</b>
Add: Changes in accounting policies											
Correction for error in previous period											
Others											
<b>II. Opening balance of current year</b>	<b>3,254,007,000.00</b>				<b>1,475,392,366.76</b>		<b>1,610,902,172.29</b>	<b>85,753,989.42</b>	<b>1,634,024,476.72</b>	<b>24,459,406,079.76</b>	<b>32,519,486,064.95</b>
<b>III. Changes for the current year</b>					<b>6,088,295.62</b>		<b>632,855,391.46</b>	<b>132,384,946.29</b>		<b>6,710,965,529.53</b>	<b>7,482,304,162.90</b>
(I) Total comprehensive income							<b>632,855,391.46</b>			<b>6,710,965,529.53</b>	<b>7,482,304,162.90</b>
(II) Shareholder contribution and capital decrease											
1. Ordinary shares contributed by shareholders											
2. Capital contribution from owners											
3. Amount of share-based payment of other equity instruments											
4. Others											
(III) Profit distributions											
1. Appropriations of surplus reserve											
2. Distributions to shareholders											
3. Others											
(IV) Internal transfer of shareholders' equity											
1. Transfer to share capital from capital reserve											
2. Transfer to share capital from surplus reserve											
3. Surplus reserves for making up losses											
4. Changes in defined benefit plans transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriations in the period											
2. Utilisation in the period											
(VI) Others					<b>6,088,295.62</b>						
<b>IV. Closing balance for the current year</b>	<b>3,254,007,000.00</b>				<b>1,481,460,662.38</b>		<b>2,243,757,563.75</b>	<b>218,138,915.71</b>	<b>1,634,024,476.72</b>	<b>31,170,401,609.29</b>	<b>40,001,790,227.85</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

2022



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (Continued)

2022

Items	Amount in current period							Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonus	Others	Capital reserve	Treasury shares	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profit
<b>I. Closing balance of the previous year</b>	3,254,007,000.00				1,475,231,932.09		1,006,806,178.34	92,717,922.90	1,634,024,476.72	18,218,586,840.89	25,661,374,350.94
Add: Changes in accounting policies											
Others											
Correction for error in previous period											
<b>II. Opening balance of current year</b>	3,254,007,000.00				1,475,231,932.09		1,006,806,178.34	92,717,922.90	1,634,024,476.72	18,218,586,840.89	25,661,374,350.94
<b>III. Changes for the current year</b>					160,434.67		604,085,993.95	-6,963,953.48		6,240,819,238.87	6,838,111,714.01
(I) Total comprehensive income							604,085,993.95				
(II) Shareholder contribution and capital decrease											
1. Ordinary shares contributed by shareholders											
2. Capital contribution from owners											
3. Amount of share-based payment											
4. Others											
(III) Profit distributions											
1. Appropriations of surplus reserve											
2. Distributions to shareholders											
3. Others											
(IV) Internal transfer of shareholders' equity											
1. Transfer to share capital from capital reserve											
2. Transfer to share capital from surplus reserve											
3. Surplus reserves for making up losses											
4. Changes in defined benefit plans											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriations in the period											
2. Utilisation in the period											
(VI) Others					160,434.67						
<b>IV. Closing balance for the current year</b>	3,254,007,000.00				1,475,392,366.76		1,610,902,172.29	85,753,969.42	1,634,024,476.72	24,459,406,079.76	32,519,486,064.95

(The accompanying notes to the financial statements are constituent parts of the financial statements)

Legal representative of the enterprise: Zhang Jingquan    Person in charge of accounting: Jin Rong  
Head of accounting department: Hu Guojun



## NOTE TO FINANCIAL STATEMENTS

### I. BASIC INFORMATION OF THE COMPANY

#### (I) Place of Incorporation, Form of Organisation and Headquarters Address of the Company

Inner Mongolia Yitai Coal Co., Ltd. (hereafter abbreviated as the “Company”) is a B-share and H-share listed company that was solely promoted by Inner Mongolia Yitai Group Co., Ltd. (hereafter abbreviated as the “Yitai Group”). The Company was established in August 1997 and listed on the Shanghai Stock Exchange in the same year under the stock abbreviation of “Yitai B Share” (stock code: 900948). The Company was listed on the Hong Kong Stock Exchange in July 2012 under the stock abbreviation of “Yitai Coal” (stock code: 3948). The unified social credit code of the Company is 911506006264024904.

After years of issuing bonus share, placing new shares, increasing share capital and issuing new shares, by 31 December 2022, the Company held a total share capital of 3,254,007,000 shares, of which Yitai Group held domestic restricted shares of 1,600,000,000 shares, accounting for 49.17% of the Company’s total share capital, the circulating B shares totaled 1,328,000,000 shares, accounting for 40.81% of the Company’s total share capital, and the H shares in issue totaled 326,007,000 shares, accounting for 10.02% of the total share capital. The registered address of the Company: Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia, the PRC. Address of the headquarters: Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia, the PRC. The parent company is Inner Mongolia Yitai Group Co., Ltd., and the ultimate parent company of the Group is Inner Mongolia Yitai Investment Co., Ltd.

#### (II) Business nature and Principal Business

The Company operates in the coal mining industry, and primarily engages in coal production and operation, supported by rail transportation and coal chemical industries.

#### (III) Scope of the Combined Financial Statements

37 subsidiaries were included in the scope of combination for current period, the details of which are set out in Note VII. Equity in other entities. Three new entities were included and three existing entities were removed from the scope of combination for current period. For more details of changes in entities in the scope of combination, please refer to Note VI. Change in scope of combination.

#### (IV) Approval of Financial Statements for Issue

These financial statements were approved for issue by all directors of the Company on 29 March 2023.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### (I) Basis of Preparation of the Financial Statements

The Company carried out recognition and measurement on actual transaction and event basis in accordance with the requirements of the Accounting Standards for Business Enterprises – Basic Standards (《企業會計準則—基本準則》) and specific accounting standards for business enterprises, Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and relevant stipulations (hereafter collectively referred as “ASBEs”) issued by the Ministry of Finance, and prepared the financial statements in combination with the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reports (revised in 2014) issued by the China Securities Regulatory Commission (CSRC).

#### (II) Sustainability

The sustainability for the 12 months from the end of the reporting period has been evaluated. No significant matter or situation has been found which could influence the Company’s ability to maintain its sustainability. Therefore, these financial statements are prepared based on the assumption of going concern.

#### (III) Book-keeping Basis and Measurement Principle

The Company adopts the accrual basis as the basis of book-keeping in accounting. Except for financial instruments classified as measured at fair value (as detailed in Note X), these financial statements have been prepared on historical cost basis. In case of asset impairment, the corresponding impairment provision will be made in accordance with relevant requirements.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### (I) Specific Accounting Policies and Accounting Estimates Indication

1. The Company formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, mainly including fair value measurement of financial instruments (Note III/(XI)), provision method for expected credit losses on accounts receivable (Note III/(XIII)), valuation method of inventory (Note III/(XVI)), provision for inventory depreciation (Note III/(XVI)), depreciation method of fixed assets and determination of depreciation rate (Note III/(XXII)), amortisation method of intangible assets (Note III/(XXVII)), impairment method of long-term assets (Note III/(XXVIII)), etc.
2. The Company continually evaluates the principal accounting estimates and key assumptions applied based on historical experience and other factors, including the reasonable expectations on future events. Any material changes in the following principal accounting estimates and key assumptions may have a significant impact the carry value of assets and liabilities in subsequent accounting years:
  - (1) Fair value of financial assets: Certain financial assets of the Company are measured at fair value in the financial statements. In estimating the fair value of an asset, the Company preferentially uses market-observable data to the extent it is available. If market-observable data is not available, the Company will set up an internal evaluation group or engage a qualified third-party valuer for performing the evaluation. The Company's finance department and evaluation group will work closely with the qualified external valuer to determine appropriate valuation techniques and inputs of relevant models. The Company has made a best estimate of the fair value of such part of assets. However, changes in assumptions about credit risks of the Company itself and counterparties, market volatility and correlation will have an impact on the fair value of financial instruments.
  - (2) Expected credit losses on accounts receivable: For accounts receivable provided for expected credit losses by using impairment matrix, the Company determines the corresponding loss provision ratio for various types of accounts receivable with shared risk characteristics based on the internal credit ratings. The impairment matrix is determined based on the Company's historical credit loss experience and by considering the reasonable and supportable forward-looking information that is available without undue cost or effort. As at 31 December 2022, the Company has re-assessed historical credit loss rates and considered the changes in forward-looking information. The amount of such expected credit loss provision will vary with the estimates of the Company.
  - (3) Estimate of inventory depreciation: On the balance sheet date, the Company measures inventories at the lower of cost and net realizable value. Calculation of net realizable value requires use of assumptions and estimates. Any changes in selling prices of products in the future will affect the estimate of net realizable value of inventories. Such difference will affect provision for inventory depreciation.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (I) Specific Accounting Policies and Accounting Estimates Indication (Continued)

##### 2. (Continued)

- (4) Estimate of long-term asset impairment: The management of the Company judges whether a long-term asset is impaired by assessing and analysing mainly from following aspects: ① whether the events that affect the impairment of the asset have occurred; ② whether the present value of the cash flows expected to be obtained from the continual use or disposal of the asset is lower than the carrying amount of the asset; and ③ whether the important assumptions used in the present value of expected future cash flows are appropriate. Any changes in the relevant assumptions used by the Company for determining the impairment, such as the assumptions on profitability, discount rate and growth rate used in the present value of future cash flow method, may have a significant impact on the present value used in the impairment test and lead to the impairment of the above long-term asset of the Company.
- (5) Expected service life and expected net residual value of fixed assets: The estimates of expected service life and expected net residual value of fixed assets of the Company are based on the historical actual service life and actual net residual value of fixed assets with similar nature and function. During the use of the fixed assets, the service life and expected net residual value of fixed assets may be materially impacted by the economic environment, technical environment and other environments where they are located. If there is any discrepancy between the estimates of service life and net residual value of fixed assets with the previous estimates, the management will make adjustments thereto as appropriate.
- (6) Income tax: The Company is subject to enterprise income tax in several regions. There are many transactions and events for which the ultimate tax treatment is uncertain during the ordinary course of business. Significant judgment is required from the Company in determining the provision for income tax expenses in each region. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the amounts of income tax expenses and deferred income tax in the period in which such determination is made. In addition, the reversal of deferred income tax assets depends on whether the Company is able to generate sufficient future taxable income against which deductible temporary differences can be utilised. If the future profitability deviates from relevant estimate, an adjustment shall be made to the value of deferred income tax assets, which, in turn, may impact the financial position and operating results of the Company.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (I) Specific Accounting Policies and Accounting Estimates Indication (Continued)

##### 2. (Continued)

- (7) Estimate of coal reserve: Coal reserve is estimate of the quantity of coal that can be economically and legally extracted from the Company's mining areas. In order to calculate coal reserve, estimates and assumptions are required about a certain range of geological, technical and economic factors, including outputs, grades, production techniques, recovery rates, mining costs, transport costs, commodity demands and commodity prices.

Estimating the quantity and grade of reserve requires the data on shape, volume and depth of mining areas to be derived by analysing geological data, such as drilling samples. This process requires complex and difficult geological judgments and calculations to interpret the data.

Estimate of reserve may change from period to period, because the economic assumptions used to estimate reserve change from period to period, and because additional geological data is generated during the course of operations. Changes in estimate of reserve may affect the Company's operating results and financial position in a number of ways, including: ① asset's carrying amount may be affected due to changes in expected future cash flows; ② there may be changes in the depreciation and amortisation as calculated based on the units of production method or calculated based on the useful life of assets and included in profit or loss; ③ changes in estimate of reserve may impact the expected timing and costs required for decommissioning, site restoration, environment governance and other present obligations, which therefore leads to a change in carry amount of projected liabilities; ④ the carrying amount of deferred income tax assets may change due to changes in estimate of the likely recovery of tax benefits.

- (8) Estimate of mine geological environment restoration, land reclamation and decommissioning obligations: Mine geological environment restoration, land reclamation and decommissioning obligations are determined by the Group based on its past experience and best estimate of future expenditure and by considering the existing relevant laws and regulations, and discounting the expected expenditure to its present value. As the current coal mining activities proceed with obvious impacts on the land and environment in the future, estimate of relevant cost may be subject to modification from time to time.
- (9) Stripping cost: Accounting of stripping cost is based on the management's estimate about whether the stripping cost incurred corresponds to the future economic benefits. Such estimate may be affected by changes in actual geological conditions and coal reserve as well as changes in the future mining plan of the management.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (II) Statement of Compliance with ASBEs

In accordance with the ASBEs, the financial statements of the Company present truly and completely the Company's financial position, operating results and cash flows and other related information during the reporting period.

#### (III) Accounting Period

The period from 1 January to 31 December (based on solar calendar) is a fiscal year.

#### (IV) Operating Cycle

The period from 1 January to 31 December (based on solar calendar) is an operating cycle.

#### (V) Recording Currency

The recording currency of the Company is RMB.

The recording currency of overseas subsidiaries is the currency in the main economic environment where they operate. It is converted into RMB at the time of preparing the financial statements.

#### (VI) Accounting for Business Combinations under Common Control and Not Under Common Control

1. **Step-by-step performance of the terms and conditions of each transaction in the business combination process and economic impact satisfying one or more of the following cases, accounting for multiple transactions as a package transaction**
  - (1) The transactions are simultaneously made or with consideration of each other's influence;
  - (2) The transactions as a whole can achieve a complete business outcome;
  - (3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
  - (4) A transaction is uneconomic alone, but it is economic when considered together with other transactions.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VI) Accounting for Business Combinations under Common Control and Not Under Common Control *(Continued)*

##### 2. Business combinations under common control

The assets and liabilities acquired by the Company in the business combination are measured at the carrying amount of the assets and liabilities (including goodwill resulting from the acquisition of the merged party by the ultimate controlling party) of the merged party in the combined financial statements of the ultimate controlling party at the combination date. If there is a difference between the carrying amount of the net assets acquired in the combination and the carrying amount of the consideration paid for the combination (or the total par value of the shares issued), adjustment is made to the share premium in the capital reserve, and if the share premium in the capital reserve is insufficient to offset, adjustment will be made to the retained earnings.

If there is a contingent consideration that requires to recognise projected liabilities or assets, the difference between the amount of the projected liabilities or assets and the settlement amount of subsequent contingent consideration is adjusted for the capital reserve (capital premium or share premium), if the capital reserve is insufficient, the retained earnings will be adjusted.

For those which finally reach business combination through multiple transactions, if they belong to a package transaction, the transactions shall be treated as a transaction for obtaining control; if they are not a package transaction, the capital reserve is adjusted on the date of obtaining the control for the difference between the initial investment cost of the long-term equity investment and the sum of the carrying amount of the long-term equity investment before the combination and the carrying amount of the newly paid consideration for the shares on the date of combination; if the capital reserve is insufficient to offset, the retained earnings will be adjusted. For the equity investment held before the date of combination, other comprehensive income recognised by using equity method or financial instrument recognition and measurement criteria will not be accounted for until the disposal of the investment is accounted for based on the same basis as the investee directly disposes of the relevant assets or liabilities. Other changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee's net assets recognised by the equity method are not accounted for until the disposal of the investment is transferred to the current profit or loss.

##### 3. Business combinations not under common control

The acquisition date is the date on which control of the acquired entity passes to the Company, that is, the date on which the control over the net assets or production and operation decisions of the acquired entity is transferred to the Company. When the following conditions are met at the same time, the Company generally considers that the transfer of control rights has been achieved:



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VI) Accounting for Business Combinations under Common Control and Not Under Common Control *(Continued)*

##### 3. Business combinations not under common control *(Continued)*

- ① The business combination contract or agreement has been approved by the Company's internal authority.
- ② The business combination has been approved by the government authority if necessary.
- ③ The necessary procedures for the transfer of property rights have been completed.
- ④ The Company has paid the majority of the consideration and has the ability and plan to pay the rest.
- ⑤ The Company has in fact controlled the financial and operational policies of the acquired entity, entitled the corresponding interests, and bear the corresponding risks.

The Company's assets and liabilities incurred or assumed to be paid as a consideration for the business combination are measured at fair value on the date of purchase. The difference between the fair value and the carrying amount is recognised in the current profit or loss.

The difference between the combination cost over the fair value of the identifiable net assets of the acquiree obtained in the combination is recognised as goodwill; the difference between the combination cost less than the fair value of the identifiable net assets of the acquiree obtained in the combination is included in the current profit or loss upon review.

For a business combination not under common control realised by multiple exchange transactions on a step-by-step basis, if it is a package transaction, each transaction is treated as a transaction for obtaining control; if it is not a package transaction, and the equity investment held before the date of combination is accounted for using the equity method, the sum of the carrying amount of the equity investment held in the acquiree before the purchase date and the new investment cost on the purchase date is taken as the initial investment cost of the investment; other comprehensive income recognised by using the equity method for equity investment held before the purchase date is accounted for on the same basis as the investee directly disposes of related assets or liabilities. If the equity investment held before the combination date is accounted for using the financial instrument recognition and measurement criteria, the sum of the fair value of the equity investment on the combination date plus the new investment cost is taken as the initial investment cost on the combination date. The difference between the fair value of the original equity interest held and the carrying amount as well as the accumulative changes in fair value originally included in other comprehensive income shall be transferred, in full, to the current investment income on the combination date.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VI) Accounting for Business Combinations under Common Control and Not Under Common Control *(Continued)*

##### 4. Related expenses incurred for the combination

The audit fee, legal service fee, assessment fee, consulting fee and other intermediary fees as well as other directly related expenses incurred for the business combination are recognised in the current profit or loss as incurred; transaction costs of issuing equity securities for the business combination, which can be directly attributable to the equity transaction, are deducted from equity.

#### (VII) Preparation of Consolidated Financial Statements

##### 1. Scope of consolidation

The scope of consolidation of the Company's consolidated financial statements is determined based on control, and all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

##### 2. Consolidation procedure

The Company prepares consolidated financial statements based on the financial statements of the Company and each of its subsidiaries and other relevant information. The Company prepares consolidated financial statements in accordance with the unified accounting policies and the requirements for recognition, measurement and presentation of relevant ASBEs and regards the entire enterprise group as an accounting entity, which reflects the overall financial position, operating results and cash flows of the enterprise group.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidation scope of the consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, the Company will make necessary adjustments to the accounting policies and accounting periods of subsidiaries in preparing the consolidated financial statements.

When the financial statements are consolidated, the impact of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity is offset. If the judgment of the consolidated financial statements of the enterprise group is different from the recognition of the same transaction by the Company or the subsidiary as the accounting entity, the transaction is adjusted from the perspective of the enterprise group.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VII) Preparation of Consolidated Financial Statements *(Continued)*

##### 2. Consolidation procedure *(Continued)*

The share of owners' equity, net current profit and loss and comprehensive income for the period belonging to minority shareholders of a subsidiary is separately listed under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income under the consolidated income statement. The difference between the current loss shared by the minority shareholders of the subsidiary and the minority shareholders' share of the owners' equity of the subsidiary at the beginning of the period writes down the minority shareholders' equity.

For a subsidiary acquired under a business combination under common control, the financial statements are adjusted based on the carrying amount of its assets and liabilities (including goodwill resulting from the acquisition of the subsidiary by the ultimate controlling party) in the financial statements of the ultimate controlling party.

For subsidiaries acquired from business combinations not under common control, the financial statements are adjusted based on the fair value of the identifiable net assets at the purchase date.

##### (1) *Add subsidiaries or businesses*

During the reporting period, if a subsidiary or business is acquired due to the business combination under common control, the opening balance of the consolidated balance sheet is adjusted; the income, expenses and profits of the subsidiary or business from the beginning of the combination period to the end of the reporting period are included in the consolidated income statement; and the cash flows of the subsidiary or business from the beginning of the combination period to the end of the reporting period are included in the consolidated cash flow statement, and the relevant items of the comparative statements are adjusted, as if the reporting entity after the combination has been in existence since the ultimate controlling party began to control.

If the investee is controlled under common control due to additional investment, the parties participating in the combination will be deemed to exist in the current status when the ultimate controlling party begins to control. Profit or loss, other comprehensive income and other changes in net assets of equity investment held prior to the acquisition of the control of the combined party are recognised during the period from later of the date on acquiring the original equity and the date when the combining party and the combined party are under common control to the date of combination, which are offset against the opening retained earnings of the comparative statement period or the current profit or loss, respectively.

During the reporting period, if a subsidiary or business is added due to a business combination not under common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated cash flow statement.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (VII) Preparation of Consolidated Financial Statements (Continued)

##### 2. Consolidation procedure (Continued)

###### (1) Add subsidiaries or businesses (Continued)

If it is possible to control the investee not under common control due to additional investment, etc., the Company remeasures the equity of the acquiree held before the purchase date according to the fair value of the equity on the purchase date, and the difference between fair value and its carrying amount is included in the current investment income. If the equity of the acquiree held before the purchase date involves other comprehensive income and other changes in owners' equity other than net profit or loss, other comprehensive income, and profit distribution under the equity method, other comprehensive income and other changes in owners' equity related thereto are transferred to the current investment income at the date of purchase, except for other comprehensive income arising from the re-measurement of the changes in net liabilities or net assets of the defined benefit plan by the investee.

###### (2) Disposal of subsidiaries or businesses

###### 1) General treatment

During the reporting period, if the Company disposes of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated cash flow statement.

When the control of the investee is lost due to the disposal of part of the equity investment or otherwise, the Company remeasures the remaining equity investment after disposal based on its fair value on the date of loss of control. The difference between the sum of the consideration obtained for the disposal of the equity and the fair value of the remaining equity, less the sum of the share of the net assets that the original subsidiary has continued to calculate from the date of purchase or the merger on the basis of the original shareholding ratio and the goodwill, is included in investment income in the period of loss of control. Other comprehensive income related to the original subsidiary's equity investment or other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, are converted into current investment income when the control is lost, except for other comprehensive income arising from the re-measurement of changes in net liabilities or net assets of the defined benefit plan by the investee.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VII) Preparation of Consolidated Financial Statements *(Continued)*

##### 2. Consolidation procedure *(Continued)*

##### (2) Disposal of subsidiaries or businesses *(Continued)*

##### 2) Disposal of subsidiaries step by step

If the equity investment in a subsidiary is disposed of step by step through multiple transactions until the loss of control, and the terms, conditions, and economic impact of each transaction for disposal of the subsidiary's equity investment meet one or more of the following conditions, it is usually indicated that the multiple transactions shall be accounted for as a package transaction:

- A. The transactions are made simultaneously or with consideration of each other's influence;
- B. The transactions as a whole can achieve a complete business outcome;
- C. The occurrence of a transaction depends on the occurrence of at least one other transaction;
- D. A transaction is uneconomic alone, but it is economic when considered together with other transactions.

If each transaction on disposal of the equity investment in a subsidiary until the loss of control is a package transaction, the Company treats each transaction as a transaction that disposes of the subsidiary and loses control; however, before losing control, the difference between the each disposal price and the share of the net assets of the subsidiary corresponding to the disposal of investment is recognised as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss for the period of loss of control when the control is lost.

If each transaction on disposal of the equity investment in a subsidiary until the loss of control is not a package transaction, it shall be treated according to the relevant policies on partial disposal of the equity investment in the subsidiary without losing control before loss of control; when the control is lost, it shall be treated according to the general treatment on disposal of a subsidiary.





## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VII) Preparation of Consolidated Financial Statements *(Continued)*

##### 2. Consolidation procedure *(Continued)*

###### (3) *Purchase of minority interests in subsidiaries*

The difference between the long-term equity investment newly acquired by the Company for the purchase of the minority interest and the share of the net assets that should be continuously calculated from the date of purchase (or the combination date) of the subsidiary in accordance with the new shareholding ratio is adjusted for the share premium in the capital reserve in the consolidated balance sheet. If the share premium in the capital reserve is insufficient to offset, the retained earnings will be adjusted.

###### (4) *Partial disposal of equity investment in a subsidiary without loss of control*

The difference between the disposal price obtained by partial disposal of the long-term equity investment in a subsidiary without loss of control and the share of the net assets of the subsidiary continuously calculated from the date of purchase or the date of combination is adjusted for the share premium in the capital reserve in the consolidated balance sheet. If the share premium in the capital reserve is insufficient to offset, the retained earnings will be adjusted.

#### (VIII) Classification of Joint Venture Arrangements and Accounting Methods for Joint Operations

##### 1. Classification of joint venture arrangements

The Company divides the joint venture arrangements into joint operations and joint ventures according to the structure, legal form of the joint venture arrangements, and the terms agreed in the joint venture arrangements, and other relevant facts and circumstances.

Joint venture arrangements reached not through separate entities are classified as joint operations; joint venture arrangements reached through separate entities are usually classified as joint ventures; however, if there is conclusive evidence that joint venture arrangements meet any of the following conditions and comply with relevant laws and regulations, they are classified as joint operations:



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VIII) Classification of Joint Venture Arrangements and Accounting Methods for Joint Operations *(Continued)*

##### 1. Classification of joint venture arrangements *(Continued)*

- (1) The legal form of the joint venture arrangement indicates that the joint venture has rights and obligations for the relevant assets and liabilities in the arrangement.
- (2) The contractual terms of the joint venture arrangement stipulate that the joint venture shall have rights and obligations for the relevant assets and liabilities in the arrangement.
- (3) Other relevant facts and circumstances indicate that the joint venture has rights and obligations for the relevant assets and liabilities in the arrangement, for example, the joint venture enjoys almost all of the outputs related to the joint arrangement, and the settlement of the liabilities in the arrangement continues to rely on the support of the joint venture.

##### 2. Accounting methods for joint operations

The Company recognises the following items related to the Company in the share of interest in the joint operations, and performs accounting treatment in accordance with the relevant ASBEs:

- (1) recognition of assets held separately and recognition of assets held jointly by their shares;
- (2) recognition of liabilities assumed separately and recognition of liabilities jointly assumed by their shares;
- (3) recognition of the proceeds from the sales of their share of the outputs of the joint operations;
- (4) recognition of the income generated by the joint operations as a result of the sales of the outputs based on their shares;
- (5) recognition of the expenses incurred separately and recognition of the expenses incurred in the joint operations according to their shares.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (VIII) Classification of Joint Venture Arrangements and Accounting Methods for Joint Operations *(Continued)*

##### 2. Accounting methods for joint operations *(Continued)*

The Company invests or sells assets to the joint operations (other than assets forming a business), and only recognises the portion of profit or loss arising from the transaction attributable to other participants in the joint operations before the assets are sold to a third party by joint operations. If the assets invested or sold are subject to asset impairment losses in accordance with the “Accounting Standards for Business Enterprises No. 8 – Impairment of Assets”, the Company shall fully recognise such losses.

The Company purchases assets from joint operations (other than assets forming a business), and only recognises the portion of the profit or loss arising from the transaction attributable to other participants in the joint operations before selling the assets to a third party. If the purchased assets meet the asset impairment losses stipulated in the “Accounting Standards for Business Enterprises No. 8 – Impairment of Assets”, the Company shall recognise the losses according to the share of the commitments.

The Company does not have joint control over joint operations. If the Company enjoys related assets of the joint operations and assumes the liabilities related to the joint operations, they will still be accounted for according to the above principles. Otherwise, they shall be accounted for in accordance with the relevant ASBEs.

#### (IX) Criteria for Determining Cash and Cash Equivalents

In preparing the cash flow statement, the Company’s cash on hand and deposits that can be used for payment at any time are recognised as cash. An investment with a short maturity (usually due within three months from the date of purchase), strong liquidity, easy conversion to a known amount of cash, and a small risk of change in value is determined as a cash equivalent.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (X) Foreign Currency Business and Translation of Foreign Currency Statements

##### 1. Foreign currency business

When the foreign currency business transaction is initially recognised, it is converted into RMB at the spot exchange rate on the transaction date.

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences, except for those from foreign currency special borrowings related to the acquisition and construction of assets eligible for capitalisation that are treated based on the principle of capitalisation of borrowing costs, are included in the current profit or loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date without changing the amount of the recording currency.

Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate at the date when the fair value is determined. The difference between the amount in the functional currency upon translation and the amount in original presentation currency is treated as a change in fair value (including changes in exchange rate) and included in current profit or loss or in other comprehensive income.

##### 2. Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date; except for the “undistributed profits” under owners’ equity, other items are converted at the spot exchange rate at the time of occurrence. Income and expense in the income statement are translated at the spot exchange rate on the transaction date. The translation difference of foreign currency financial statements arising from the above conversion is included in other comprehensive income.

When disposing of an overseas operation, the translation difference of the foreign currency financial statements related to the overseas operation listed in other comprehensive income in the balance sheet is transferred from the other comprehensive income to the profit or loss for the period of disposal. When disposing of part of the equity investment or other reasons, resulting in a decrease in the proportion of overseas business interests held but not losing control over the overseas operation, the translation difference of foreign currency statements related to the disposal part of the overseas operation will be attributed to minority shareholders’ equity and will not be transferred to the current profit or loss. When disposing of part of the equity of an overseas operation which is an associate or a joint venture, the translation difference of the foreign currency statements related to the overseas operation is transferred to the current profit or loss according to the proportion of disposal of the overseas operation.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering expected credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

#### 1. Classification, recognition and measurement of financial assets

The Company classifies financial assets into the following 3 categories based on the business model of the financial assets under management and the contractual cash flow characteristics of financial assets:

- (1) Financial assets measured at amortized cost.
- (2) Financial assets measured at fair value through other comprehensive income.
- (3) Financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition, but if the accounts receivable or bills receivable due to the sale of goods or the provision of services do not contain a significant financing component or do not consider financing components not exceeding one year, the transaction price will be used for initial measurement.

For financial assets measured at fair value through profit or loss, the related transaction costs are directly included in the current profit and loss, and other types of financial assets related transaction costs are included in the initial recognition amount.

The subsequent measurement of financial assets depends on their classification, if and only if the Company changes the business model of managing financial assets, all the affected related financial assets will be reclassified.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 1. Classification, recognition and measurement of financial assets *(Continued)*

###### (1) *Classified as financial assets measured at amortized cost*

The contractual provisions of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount, and the goal of the business model for managing the financial asset is to collect contractual cash flow, the Company classifies the financial assets as financial assets measured at amortized cost. The Company classifies financial assets measured at amortized cost including monetary funds, note receivable, accounts receivable, other receivables, debt investment, long-term receivables, among others.

The Company uses the effective interest rate method to recognize interest income for such financial assets, and then performs subsequent measurement based on amortized cost. The gains or losses arising from the impairment or termination of recognition and modification are included in the current profit and loss. Except for the following circumstances, the Company calculates and determines interest income based on the financial asset book balance multiplied by the actual interest rate:

- 1) For financial assets purchased or originated that have suffered credit impairment, the Company has calculated and determined its interest income based on the amortized cost of the financial asset and the credit-adjusted actual interest rate since initial recognition.
- 2) For the financial assets purchased or originated without credit impairment, but become credit impairment in the subsequent period, the Company will calculate and determine the interest according to the amortized cost of the financial asset and the actual interest rate in the subsequent period income. If the financial instrument has no credit impairment due to the improvement of its credit risk in the subsequent period, the Company will use the actual interest rate multiplied by the financial asset book balance to calculate and determine the interest income.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 1. Classification, recognition and measurement of financial assets *(Continued)*

- (2) *Financial assets classified as fair value measured and their changes included in other comprehensive income*

The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of the outstanding principal, and the business model for managing the financial asset is to both collect the contractual cash flow and sell the financial asset, the Company classifies the financial asset as a financial asset that is measured at fair value and its changes are included in other comprehensive income.

The Company uses the effective interest rate method to recognize interest income for such financial assets. Except for interest income, impairment losses and exchange differences recognized as current gains and losses, the remaining changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

Bills receivable and accounts receivable that are measured at fair value and whose changes are included in other comprehensive income are reported as receivable financing, and other such financial assets are reported as other debt investments, including: other debt investments due within one year from the balance sheet date are reported as non-current assets due within one year, and other debt investments with original maturity within one year are reported as other current assets.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 1. Classification, recognition and measurement of financial assets *(Continued)*

- (3) *Financial assets designated to be measured at fair value through other comprehensive income*

For initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value and their changes included in other comprehensive income on the basis of individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income, and no impairment provision is required. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings. During the period when the Company holds the equity instrument investment, the Company's right to receive dividends has been established, and the economic benefits related to the dividends are likely to flow into the Company, and when the amount of dividends can be reliably measured, the dividend income is recognized and included in the current profit and loss. The Company reports the following investment items of such financial assets in other equity instruments.

Equity instrument investment that meets one of the following conditions is a financial asset measured at fair value through profit or loss the purpose of obtaining the financial asset is mainly for the recent sale; is part of the centralized management of the identifiable financial asset instrument combination upon initial recognition, and there is objective evidence indicating that recently there exists a short-term profit model; is a derivative (except for derivatives that meet the definition of a financial guarantee contract and are designated as effective hedging instruments).

- (4) *Financial assets classified as fair value through profit or loss*

Financial assets that do not meet the requirements for classification as a financial asset measured at amortized cost or measured at fair value and whose changes are included in other comprehensive income, and are not designated as financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and their changes are included in the current profit and loss.

The Company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value and dividends and interest income related to such financial assets are included in the current profit and loss.

The Company reports such financial assets in transactional financial assets and other non-current financial assets based on their liquidity.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) Financial Instruments (Continued)

##### 1. Classification, recognition and measurement of financial assets (Continued)

###### (5) *Financial assets designated to be measured at fair value through profit or loss*

At initial recognition, if the accounting mismatch can be eliminated or significantly reduced, financial assets can be irrevocably designated as financial assets measured at fair value through profit or loss on single financial asset basis.

If the hybrid contract includes one or more embedded derivatives and the main contract does not belong to the above financial assets, the Company may designate the whole as a financial instrument that is measured at fair value through profit or loss. Except in the following cases:

- 1) Embedded derivatives do not materially change the cash flow of a hybrid contract.
- 2) When it is first determined whether a similar hybrid contract needs to be split, there is little need for analysis to make it clear that the embedded derivatives it contains should not be split. If the prepayment right of the embedded loan allows the holder to repay the loan in advance with an amount close to the amortized cost, the prepayment right does not need to be split.

The Company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value and dividends and interest income related to such financial assets are included in the current profit and loss.

The Company reports such financial assets in transactional financial assets and other non-current financial assets based on their liquidity.

##### 2. Classification, recognition and measurement of financial instruments

The Company classifies the financial instrument or its component parts as financial liabilities or equity instruments based on the contractual terms of the financial instrument issued and the economic substance it reflects, not just in legal form, combined with the definition of financial liabilities and equity instruments. Financial liabilities are initially recognized financial liabilities measured at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value at initial recognition. For financial liabilities that are measured at fair value through profit or loss, the related transaction costs are directly included in the current profit and loss; for other types of financial liabilities, the related transaction costs are included in the initial recognition amount.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 2. Classification, recognition and measurement of financial instruments *(Continued)*

The subsequent measurement of financial liabilities depends on their classification:

(1) *Financial liabilities measured at fair value through profit or loss*

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss at initial recognition.

Financial liability that satisfies one of the following conditions is transactional: the purpose of assuming related financial liabilities is mainly to sell or repurchase in the near future; it is part of a centrally managed portfolio of identifiable financial instruments, and there is objective evidence that the Company recently adopted short-term profit model; it belongs to derivatives, except for derivatives designated as effective hedging instruments and derivatives that comply with financial guarantee contracts. Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedge accounting, all changes in fair value are included in the current profit and loss.

In initial recognition, in order to provide more relevant accounting information, the Company irrevocably designates financial liabilities that meet one of the following conditions as financial liabilities measured at fair value through profit or loss:

- 1) it can eliminate or significantly reduce accounting mismatches.
- 2) a group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the Company's key management personnel.

The Company uses fair value for subsequent measurement of such financial liabilities. Except for changes in fair value caused by changes in the Company's own credit risk, other changes in fair value are included in the current profit and loss. Unless the fair value changes caused by the Company's own credit risk changes in other comprehensive income will cause or expand the accounting mismatch in profit or loss, the Company will include all fair value changes (including the amount of its own credit risk changes) into the current profit and loss.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) Financial Instruments (Continued)

##### 2. Classification, recognition and measurement of financial instruments (Continued)

###### (2) Other financial liabilities

Except for the following items, the Company classifies financial liabilities as financial liabilities measured at amortized cost. The actual interest rate method is adopted for such financial liabilities, and subsequent measurement is made according to the amortized cost, and the gains or losses arising from the termination of recognition or amortization are included in the current profit and loss:

- 1) Financial liabilities measured at fair value through profit or loss.
- 2) Financial assets transfer does not meet the conditions for derecognition or financial liabilities arising from the transfer of transferred financial assets.
- 3) Financial guarantee contracts that are not in the first two categories of this article, and loan commitments that are not subject to the market interest rate for loans that are not in the first category of this article.

Financial guarantee contract refers to a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when the specific debtor fails to pay the debt in accordance with the original or modified debt instrument terms. Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss, and after the initial recognition, it is measured according to the higher of the loss provision amount and the initial recognition amount after deducting the accumulated amortization amount during the guarantee period.

##### 3. Termination of financial assets and financial liabilities

(1) *Financial assets that meet one of the following conditions shall be derecognized, which means financial assets are written off from their accounts and balance sheets:*

- 1) The contractual right to receive the cash flow of the financial asset is terminated.
- 2) The financial assets have been transferred, and the transfer meets the requirements regarding the derecognition of financial assets.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 3. Termination of financial assets and financial liabilities *(Continued)*

###### (2) *Conditions for derecognition of financial liabilities*

If the current obligation of a financial liability (or part of it) has been discharged, the financial liability (or part of the financial liability) is derecognized.

When the Company and the lender sign an agreement to replace the original financial liabilities with new financial liabilities, and the contract terms of the new financial liabilities and the original financial liabilities are substantially different, or if substantial change is made to the contractual terms of the original financial liability (or a part thereof), the original financial liability is derecognized and a new financial liability is recognized; and the difference between the carrying amount and the consideration paid (including the transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

If the Company repurchases part of the financial liabilities, the carrying amount of the financial liabilities as a whole is allocated based on the proportion of the fair value of the continuing recognition portion and the derecognition portion on the repurchase date. The difference between the carrying amount assigned to the derecognition portion and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the current profit and loss.

##### 4. Recognition basis and measurement method of financial asset transfer

In the event of a financial asset transfer, the Company assesses the extent to which it retains the risks and rewards of ownership of financial assets and treats them in the following cases:

- (1) If almost all risks and rewards of ownership of financial assets are transferred, the financial assets are derecognized and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
- (2) If all the risks and rewards of ownership of financial assets are retained, the financial assets will continue to be recognized.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 4. Recognition basis and measurement method of financial asset transfer *(Continued)*

- (3) There is neither transfer nor retention of almost all risks and rewards of ownership of financial assets (i.e, other than (1), (2)), depending on whether they retain control over financial assets, respectively. The situations are handled as follows:
- 1) If the control over the financial assets is not retained, the financial assets are derecognised and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
  - 2) If the control over the financial assets is retained, the relevant financial assets shall continue to be recognized according to the extent to which they continue to be involved in the transferred financial assets, and the related liabilities are recognized accordingly. The extent of continuing involvement in the transferred financial assets refers to the extent to which the Company assumes the risk or reward of changes in the value of the transferred financial assets.

When judging whether the transfer of financial assets satisfies the conditions for derecognition of the above-mentioned financial assets, the principle of substance over form is adopted. The Company divides the transfer of financial assets into the overall transfer and partial transfer of financial assets:

- (1) If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss:
  - 1) The carrying amount of the transferred financial assets on the date of derecognition.
  - 2) The sum of the consideration received from the transferred financial asset and the amount (which involves the transferred financial assets at fair value through other comprehensive income) for derecognition of the cumulative changes in fair value previously included in comprehensive income.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 4. Recognition basis and measurement method of financial asset transfer *(Continued)*

- (2) If the financial assets are partially transferred and the transferred part as a whole meets the conditions for derecognition, the carrying amount of the financial assets as a whole will be allocated between the part that subject to derecognition and the part subject to recognition (in this case, the retained service assets should be recognized as the part subject to recognition) depending on the relative fair value of each of the transfer dates. The difference between the following two amounts is included in the current profit and loss:
- 1) The carrying amount of the derecognized part on the date of derecognition.
  - 2) The sum of the consideration of the part derecognized and the amount (which involves the transferred financial assets at fair value through other comprehensive income) for derecognition of the cumulative changes in fair value for the part derecognized which has been previously included in other comprehensive income.

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets continue to be recognized and the consideration received is recognized as a financial liability.

##### 5. Determination of the fair value of financial assets and financial liabilities

For financial assets and financial liabilities of the Company measured at fair value which an actively traded market exists, their fair values are determined based on the prices quoted on the actively traded market, unless such financial assets have a restricted period. For financial assets which have restricted period, their fair values are determined by the quoted prices in active markets less the compensation amount requested by market players for assuming the risk of not able to sell such financial assets in the public market during the designated period. Quotations in active markets include quotes for related assets or liabilities, which can be easily and regularly obtained from exchanges, traders, brokers, industry groups, pricing institutions or regulators, and which represent the actual and frequently fair trade transaction are occurring in the market.

For financial assets initially obtained or derived or financial liabilities assumed, fair value is determined based on market transaction prices.

For financial assets and financial liabilities which no actively traded market exists, their fair values are determined using valuation techniques. For valuation, the Company adopts those adequate data available and suitable for current situation and valuation techniques supported by other information, and choose input value with same features used by market players for transactions of relevant assets or liabilities, and managed to preferentially use relevant observable input value. Under the circumstance that is unable to obtain observable input value or infeasible, use unobservable input value.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 6. Impairment of financial instrument

The Company assesses impairment for the financial assets measured at amortized cost and recognises provision for loss based on expected credit losses.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original actual interest rate, being the present value of all cash shortages. Among them, the financial assets purchased or originated by the Company that have suffered credit impairment should be discounted at the credit-adjusted actual interest rate of the financial asset.

For the receivables and contract assets and lease receivables formed by the transactions regulated by the income standard, the Company uses a simplified measurement method to measure the loss provision based on the amount equivalent to the expected credit loss throughout the entire period.

For financial assets purchased or originated that have suffered credit impairment, on the balance sheet date, only the cumulative changes in expected credit losses for the entire duration of the period since initial recognition are recognized as loss provisions. On each balance sheet date, the amount of change in expected credit losses throughout the useful life is included in the current profit and loss as an impairment loss or gain. Even if the expected credit loss for the entire duration determined on the balance sheet date is less than the amount of expected credit loss reflected in the estimated cash flow at initial recognition, the favorable change in expected credit loss is recognized as an impairment gain.

In addition to the above-mentioned simplified measurement methods and other financial assets that have been purchased or originated from credit impairment, the Company assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and according to the following circumstances measures their loss provision and recognizes expected credit losses and their changes:

- (1) If the credit risk of the financial instrument has not increased significantly since the initial recognition, the financial instrument is in the first stage. Its loss provision is measured at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and its interest income is calculated according to the book balance and the actual interest rate.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 6. Impairment of financial instrument *(Continued)*

- (2) If the credit risk of the financial instrument has increased significantly but the credit impairment has not occurred since the initial recognition, the financial instrument is in the second stage. Its loss provision is measured at the amount equivalent to the expected credit loss for the entire duration of the financial instrument, and its interest income is calculated according to the book balance and the actual interest rate.
- (3) If the financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures its loss provision at an amount equivalent to the expected credit loss for the entire period of the financial instrument, and calculates its interest income at the amortized cost and actual interest rate.

The increase or reversal of the credit loss provision for financial instruments is included in the current profit and loss as an impairment loss or gain. Except for financial assets that are classified as fair value and whose changes are included in other comprehensive income, credit losses are provided to offset the book balance of financial assets. For financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the Company recognizes its credit loss provisions in other comprehensive income and does not reduce the carrying amount of the financial asset listed in the balance sheet.

In the previous accounting period, the Company has measured the loss provision according to the amount of expected credit losses for the entire duration of the financial instrument, but on the balance sheet date of the current period, the financial instrument is no longer a significant increase in credit risk since initial recognition. In the case of the current situation, the Company measures the loss provision of the financial instrument at the current balance sheet date according to the amount of expected credit losses in the next 12 months, and the resulting reversal amount of the loss provision is included in the current profit and loss as an impairment gain.

##### (1) *Credit risk increased significantly*

The Company determines whether the credit risk of the financial instrument has increased significantly by using reasonable and evidence-based forward-looking information available to it to compare the default risk of financial instruments on the balance sheet date with that on the initial recognition date. For financial guarantee contracts, when the Company applies the financial instrument impairment provisions, the day when the Company becomes the party making the irrevocable commitment is used as the initial recognition date.





## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 6. Impairment of financial instrument *(Continued)*

###### (1) Credit risk increased significantly *(Continued)*

The Company will consider the following factors when assessing whether the credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether there has been a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement, and these changes are expected to reduce the economic motivation of the debtor to repay the loan within the time limit specified in the contract or affect the probability of default;
- 4) Whether the debtor's expected performance and repayment behaviour have changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company judges that a financial instrument has only a low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of financial instruments is low, the borrower has a strong ability to fulfil its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment in a long period, it may not necessarily reduce the borrower's performance of the cash flow obligation, the financial instrument is considered to have lower credit risk.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 6. Impairment of financial instrument *(Continued)*

###### (2) *Financial assets with credit impairment*

When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence indicating credit losses have occurred in financial assets includes the following observable information:

- 1) significant financial difficulty of the issuer or debtor;
- 2) breach of contract by the debtor, such as delinquency or default in interest and principal payments;
- 3) the creditor, for debtor in financial difficulties contractual consideration or legal reasons, granting concession to the debtor that would not be made under other circumstances;
- 4) it becoming probable that the debtor will enter bankruptcy or financial reorganization;
- 5) the disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- 6) a substantial discount during acquisition or sourcing of a financial asset reflects the fact the occurrence of credit losses.

The credit impairment of financial assets may be caused by the joint impacts of multiple events, which may not be necessarily caused by separately identifiable events.

###### (3) *Determination of expected credit losses*

The Company assesses the expected credit losses of financial instruments based on individual items and portfolios. When evaluating expected credit losses, it considers reasonable and well-founded information about past events, current circumstances, and future economic situations.

The Company divides financial instruments into different combinations based on common credit risk characteristics. The common credit risk characteristics adopted by the Company include: types of financial instruments, credit risk ratings, aging portfolios, overdue aging portfolios, contract settlement cycles, and the debtor's industry. For the individual evaluation criteria of the relevant financial instruments and the characteristics of the combined credit risk, please refer to the accounting policies of the relevant financial instruments.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XI) Financial Instruments *(Continued)*

##### 6. Impairment of financial instrument *(Continued)*

###### (3) *Determination of expected credit losses (Continued)*

The Company determines the expected credit losses of related financial instruments according to the following methods:

- 1) For financial assets, the credit loss is the present value of the difference between the contractual cash flow that the Company should charge and the expected cash flow.
- 2) For lease receivables, the credit loss is the present value of the difference between the contractual cash flow that the Company should charge and the expected cash flow.
- 3) For a financial guarantee contract, the credit loss is the present value of the difference between the Company's estimated payment to the contract holder for the credit loss and the Company's expected payment to the contract holder, debtor or any other party.
- 4) For financial assets that have suffered credit impairment on the balance sheet date but are not purchased or have been credit-impaired, the credit loss is the difference between of the financial asset's book balance and the estimated future cash flow discounted at the original effective interest rate present value of the.

The Company's method of measuring the expected credit loss of financial instruments reflects the following factors: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of money; the availability of reasonable and evidence-based information on the balance sheet date about past events, current conditions, and future economic conditions without spending unnecessary additional costs or efforts.

###### (4) *Write-down of financial assets*

When the Company no longer reasonably expects that the contractual cash flow of financial assets can be fully or partially recovered, the carrying amount of the financial asset is directly written down. Such write-down constitutes the derecognition of related financial assets.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XI) Financial Instruments (Continued)

##### 7. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented in the balance sheet respectively and are not offset with each other. However, the net value after offset is presented in the balance sheet when the following conditions are satisfied:

- (1) The Company has the legal right to offset the recognized amount and such right is exercisable;
- (2) The Company plans to settle by net amount or realize the financial assets and repay the financial liabilities at the same time.

#### (XII) Notes receivable

For the determination method and the accounting treatment of the expected credit losses of the note receivable of the Company, please refer to Note XI 6. Impairment of financial instrument.

The Company separately determines the credit loss of single notes receivable with material amount and the credit impairment has occurred after the initial recognition.

When sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of individual instruments, the Company classifies notes receivable into several groups based on credit risk characteristics with reference to historical credit loss experience, after considering current situation and judgment of future economic situation, and calculates expected credit loss on group basis. The basis for determination of groups is as follows:

Portfolio name	Basic for determination	Provision method
Bank acceptance bill portfolio 1	The principal was highly rated without historical default, exposes to extremely low credit loss risk with strong capacity to perform obligation of payment of contractual cash flow in short term.	The expected credit loss is calculated with reference to historical loss experience, current conditions and forecast
Bank acceptance bill portfolio 2	The principal was in relative low rating with historical default, exposes to high credit loss risk with weak capacity to perform obligation of payment of contractual cash flow in short term.	on future economic conditions as well as the default risk exposure and next 12-month or lifetime expected credit loss rate.
Commercial acceptance bill portfolio 1	The principal exposes to low credit risk.	
Commercial acceptance bill portfolio 2	The principal exposes to high credit risk.	

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XIII)Accounts receivable

See Note (XI) 6. "Impairment of financial instruments" for details on determination and accounting treatment of expected credit loss on accounts receivable.

The Company determines the credit losses of single accounts receivable with material amount and has credit impaired upon initial recognition.

When sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of individual instruments, the Company classifies accounts receivable into several groups based on credit risk characteristics with reference to historical credit loss experience, current conditions and future economic conditions, and calculates expected credit loss on group basis. The basis for determination of groups is as follows:

Name	Basis for determination	Provision method
Portfolio I	For customers with good credit and regular transactions, the credit risk assessed is low, and the credit risk of a creditor's right has not increased significantly since the initial recognition	The expected credit loss is calculated with reference to historical credit loss experience, and based on current conditions and forecast on future economic condition through default risk exposure and the expected credit losses throughout the useful life
Portfolio II	With the same risk features and repayment capacity	

#### (XIV)Receivables financing

Notes receivable and accounts receivable that are classified as measured at fair value through other comprehensive income, and those with maturity within one year (including one year) from the date of initial recognition, are listed as receivables financing; if the maturity period is more than one year from the initial recognition date, it is listed as other debt investments. For the relevant accounting policies, please refer to Note (XI).



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XV) Other receivables

For the determination method and the accounting treatment of the expected credit losses of other receivables of the Company, please refer to Note (XI) 6. Impairment of financial instrument.

The Company separately determines the credit loss of single other receivable with significant amount and has suffered credit impairment upon initial recognition.

When sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of individual instruments, the Company classifies other receivables into several portfolios based on credit risk characteristics, current condition and forecast on future economic conditions with reference to historical credit loss experience, and calculates expected credit loss on group basis. The basis for determination of portfolios is as follows:

Portfolio	Basis for determination	Provision method
Portfolio I	For customers with good credit and regular transactions, the credit risk assessed is low, and the credit risk of a creditor's right has not increased significantly since the initial recognition	The expected credit loss is calculated with reference to historical credit loss experience, and based on current conditions and forecast on future economic condition through default risk exposure and the expected credit losses throughout the useful life
Portfolio II	With the same risk features and repayment capacity	

#### (XVI) Inventory

##### 1. Classification of inventory

Inventory refers to the finished products or commodities that the Company holds for sale in its daily activities, semi-products in the production process, materials and consumables used in the production process or the provision of labour services. It mainly includes raw materials, turnover materials, low-value consumables and inventory goods.

##### 2. Valuation method of inventory

When inventory is acquired, it is initially measured at cost, including procurement costs, processing costs and other costs. When the inventory is issued, it is measured by the weighted average method.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVI) Inventory (Continued)

#### 3. Basis for determining the net realisable value of inventory and the method of provision for inventory depreciation

After the inventory is thoroughly inspected at the end of the period, the depreciation shall be provided or adjusted at the lower of the cost of the inventory and its net realisable value. The net realisable value of inventory of goods directly used for sale, such as finished goods, stocked goods and materials for sale in the normal production and operation process, is determined by the estimated selling price of the inventory minus the estimated selling expenses and related taxes; net realisable value of inventory of materials that need to be processed is determined based on the estimated selling price of the finished products produced minus the estimated cost till completion, estimated selling expenses and related taxes and fees in the normal production and operation process; the net realisable value of the inventory held for the execution of a sales contract or labour contract is calculated on the basis of the contract price. If the quantity of the inventory held exceeds the quantity ordered by the sales contract, the net realisable value of the excess inventory is calculated based on the general sales price.

The depreciation is accrued according to the individual inventory project at the end of the period; but for a large number of inventories with lower unit price, the depreciation is accrued according to the category of inventory; for those related to the product series produced and sold in the same region, have the same or similar end use or purpose and that are difficult to measure separately from other projects, they are combined for provision for inventory depreciation.

If the influencing factors of the write-down of inventory value have disappeared, the amount of write-down will be restored and will be reversed within the amount of the provision for decline in value of the inventory that has been accrued. The amount of the reversal is included in the current profit or loss.

#### 4. Stock inventory system

Perpetual inventory system is adopted.

#### 5. Amortisation method for low-value consumables and packaging materials

- (1) One-off write-off method is adopted for low-value consumables;
- (2) One-off write-off method is adopted for packaging materials;
- (3) Other turnover materials are amortised using one-off write-off method.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### **(XVII) Contract Assets**

Contract asset refers to the Company's right to receive consideration for the goods transferred to the customer and which is determined depending on other factors beyond the passage of time. The Company's unconditional (i.e. depends only on the passage of time) right to collect consideration from customers is listed separately as receivables.

For the determination method and accounting treatment method of the expected credit losses of the contract assets of the Company, please refer to Note (XI) 6. Impairment of financial instruments.

#### **(XVIII) Held for Sale**

##### **1. Criteria for determining as held for sale**

The Company recognises the components of the business (or non-current assets) that meet all of the following conditions as held for sale:

- (1) The components can be sold immediately under their current conditions solely on the basis of the usual terms for the sale of such components;
- (2) The sale is very likely to occur, that is, the Company has already made a resolution on a sales plan, the regulators have approved it, and the Company has obtained a certain purchase commitment. It is expected that the sale will be completed within one year.

Purchase commitment is determined which means a legally binding purchase agreement signed by the Company with other parties. The agreement contains important terms such as transaction price, time and severe penalties for breach of contract that major adjustments or revocations to agreements is unlikely to happen.

##### **2. Accounting method for items classified as held for sale**

If the Company does not make depreciation or amortization for the non-current assets or disposal group held for sale, if the carrying amount is higher than the net amount after the fair value less the selling expenses, the carrying amount shall be written down to the net amount after the fair value less the selling expenses, and the amount written down shall be recognised as impairment loss of assets, included in the current profit or loss, as provision for impairment of assets held for sale at the same time.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XVIII) Held for Sale (Continued)

##### 2. Accounting method for items classified as held for sale (Continued)

For the non-current assets or disposal group classified as held for sale at the date of acquisition, they are measured at the lower of their initial measurement amount and the net amount after the fair value less the selling expenses based on the assumption that such non-current assets or disposal group are not classified as held for sale at the time of initial measurement.

The above principle applies to all non-current assets, but does not include investment property that are subsequently measured using the fair value model, biological assets measured using fair value less net selling expenses, assets formed from employee compensation, and deferred income tax assets, the rights arising from financial assets regulated by the relevant accounting standards of financial instruments and insurance contracts regulated by the relevant accounting standards of insurance contracts.

#### (XIX) Long-term Receivables

For the determination method and the accounting treatment of the expected credit losses of long-term receivables of the Company, please refer to Note (XI) 6. Impairment of financial instrument.

The Company separately determines the credit loss of single long-term receivables with material amount and has suffered credit impairment upon initial recognition.

When sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of individual instruments, the Company classifies long-term receivables into several groups based on credit risk characteristics, current conditions and judgement on future economic conditions with reference to historical credit loss experience, and calculates expected credit loss on group basis. The basis for determination of groups is as follows:

Portfolio	Basis for determination	Provision method
Portfolio I	For customers with good credit and regular transactions, the credit risk assessed is low, and the credit risk of a creditor's right has not increased significantly since the initial recognition	The expected credit loss is calculated with reference to historical credit loss experience, and based on current conditions and forecast on future economic condition through default risk exposure and the expected credit losses throughout the useful life
Portfolio II	With the same risk features and repayment capacity	



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XX) Long-term Equity Investment

##### 1. Determination of investment cost

- (1) For the long-term equity investment formed by business combination, the specific accounting policies are detailed in the accounting treatment of business combination under common control and not under common control as set out in this Note III/(VI).
- (2) Long-term equity investment obtained by other means

The initial investment cost of the long-term equity investment obtained by cash payment is the actual purchase price. The initial investment cost includes expenses directly related to the acquisition of long-term equity investments, taxes and other necessary expenses.

The initial investment cost of the long-term equity investment obtained by issuing equity securities is the fair value of the issued equity securities; the transaction cost incurred in the issuance or acquisition of its own equity instruments is deducted from equity if it is directly attributable to equity transactions.

Under the premise that the non-monetary asset exchange has the commercial substance and the fair value of the assets received or surrendered can be reliably measured, the initial investment cost of the long-term equity investment exchanged for non-monetary assets is determined based on the fair value of the assets exchanged and relevant taxes payable, unless there is conclusive evidence that the fair value of the assets transferred is more reliable; for the exchange of non-monetary asset that does not meet the above premise, the initial investment cost of long-term equity investment is the carrying amount of the assets exchanged and the related taxes and fees payable.

The initial investment cost of a long-term equity investment obtained through debt restructuring is determined at fair value.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XX) Long-term Equity Investment (Continued)

##### 2. Subsequent measurement and profit and loss recognition

###### (1) Cost method

The long-term equity investment that the Company can control over the investee is accounted for using the cost method, and the cost of the long-term equity investment is adjusted by adding or recovering the investment according to the initial investment cost.

Except for the actual payment or the cash dividends or profits included in the consideration that have been announced but not yet paid at the time of acquiring the investment, the Company recognises the current investment income according to its share of cash dividends or profits declared to be distributed by the investee.

###### (2) Equity method

The Company's long-term equity investments in associates and joint ventures are accounted for using the equity method, and some of the equity investments in associates that are indirectly held by venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds are measured at fair value through profit or loss.

When the initial investment cost of a long-term equity investment is greater than the investment, the initial investment cost of the long-term equity investment shall not be adjusted by the difference between the fair value of the identifiable net assets of the investee; if the initial investment cost is less than the investment, the difference between the fair value of the identifiable net assets of the investee should be included in the current profit or loss.

After obtaining the long-term equity investment, the Company shall recognise the investment income and other comprehensive income according to the share of net profit and loss and other comprehensive income realised by the investee that is entitled or should be shared respectively, and adjust the carrying amount of the long-term equity investment; and reduces the carrying amount of the long-term equity investment based on portion of the profit or cash dividend declared to be distributed by the investee; and for other changes in the owners' equity other than the net profit or loss, other comprehensive income and profit distribution of the investee, the carrying amount of the long-term equity investment is adjusted and included in the owners' equity.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XX) Long-term Equity Investment *(Continued)*

##### 2. Subsequent measurement and profit and loss recognition *(Continued)*

###### (2) Equity method *(Continued)*

When recognising the share of the net profit or loss of the investee, the Company shall adjust and recognise the net profit of the investee based on the fair value of the identifiable assets of the investee at the time of obtaining the investment. The unrealised internal transaction gains and losses between the Company and the associates and joint ventures shall be offset against the portion attributable to the Company in accordance with the proportion to be enjoyed, on the basis of which the investment gains and losses are recognised.

When the Company recognises the losses incurred by the investee that it should bear, it shall deal with it in the following order: Firstly, offset the carrying amount of the long-term equity investment. Secondly, if the carrying amount of the long-term equity investment is not enough to be offset, the investment loss will continue to be recognised to the extent of carrying amount of other long-term equity that virtually constitutes a net investment in the investee, and the carrying amount of the long-term receivables is offset. Finally, after the above-mentioned treatment, if the enterprise still bears additional obligations in accordance with the investment contract or agreement, the projected liabilities are recognised according to the estimated obligations and included in the current investment losses.

If the investee realises profit in the future period, after deducting the unrecognised loss share, and the reduction of book balance of the recognised projected liabilities and recovery of other long-term equity that virtually constitutes a net investment in the investee and carrying amount of long-term equity investment as opposite to the order above, the Company shall restore the investment income.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XX) Long-term Equity Investment *(Continued)*

##### 3. Conversion of accounting methods for long-term equity investment

###### (1) *Fair value measurement to equity method accounting*

If the equity investment originally held by the Company that does not have control, joint control or significant influence on the investee, which is accounted for according to the recognition and measurement criteria of financial instruments, can exert significant influence on the investee or jointly control but does not constitute control over it due to additional investment and otherwise, its initial investment cost shall be the sum of the fair value of the equity investment originally held in accordance with the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments” and new investment cost after being accounted for under the equity method.

If the initial investment cost accounted for under the equity method is less than the fair value share of the identifiable net assets of the investee on the additional investment date determined by the new shareholding ratio after the additional investment, the carrying amount of the long-term equity investment is adjusted and included in the current non-operating income.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XX) Long-term Equity Investment *(Continued)*

##### 3. Conversion of accounting methods for long-term equity investment *(Continued)*

###### (2) *Fair value measurement or equity method accounting to cost method accounting*

If the equity investment originally held by the Company, that does not have control, joint control or significant influence on the investee and which is accounted for in accordance with the financial instrument recognition and measurement criteria, or the long-term equity investment originally held in associates or joint venture, can exercise control over the investee not under common control due to additional investment or otherwise, in the preparation of individual financial statements, the sum of the carrying amount of the equity investment originally held plus the new investment cost shall be regarded as the initial investment cost after being accounted for under the cost method.

The other comprehensive income recognised by the equity method in respect of the equity investment originally held before the purchase date is accounted for on the same basis as the investee directly disposes of the relevant assets or liabilities when the investment is disposed.

If the equity investment held before the purchase date is accounted for in accordance with the relevant provisions of the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, the cumulative fair value changes originally included in other comprehensive income are transferred to current profit or loss when the cost method is adopted.

###### (3) *Equity method accounting to fair value measurement*

If the Company loses joint control or significant influence on the investee due to the disposal of part of the equity investment or otherwise, the remaining equity after disposal shall be accounted for according to the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”. The difference between the fair value and the carrying amount on the date of losing joint control or significant impact is recognised in current profit or loss.

The other comprehensive income recognised in respect of the original equity investment using the equity method is accounted for on the same basis as the investee directly disposes of the relevant assets or liabilities when the equity method is terminated.

## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XX) Long-term Equity Investment *(Continued)*

##### 3. Conversion of accounting methods for long-term equity investment *(Continued)*

###### (4) *Cost method to equity method*

Where the Company loses control over the investee due to the disposal of part of the equity investment, etc., in the preparation of individual financial statements, if the remaining equity after disposal can exercise joint control or significant influence on the investee, the equity method is adopted for accounting, and the remaining equity is deemed to be adjusted under the equity method when it is acquired.

###### (5) *Cost method to fair value measurement*

Where the Company loses control over the investee due to the disposal of part of the equity investment, etc., in the preparation of individual financial statements, if the remaining equity after disposal cannot jointly control or exert significant influence on the investee, the relevant provisions of the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments” are adopted. The difference between the fair value and the carrying amount on the date of loss of control is recognised in profit or loss for the current period.

##### 4. Disposal of long-term equity investment

For the disposal of long-term equity investment, the difference between the carrying amount and the actual purchase price shall be included in the current profit or loss. For the long-term equity investment accounted for using the equity method, when the investment is disposed, the part that is originally included in the other comprehensive income is accounted for in the same proportion based on the same basis as the investee directly disposes of the relevant assets or liabilities.

If the terms, conditions and economic impact of each transaction on disposal of the equity investment in a subsidiary satisfy one or more of the following cases, the multiple transactions are treated as a package transaction:

- (1) The transactions are made simultaneously or with consideration of each other’s influence;
- (2) The transactions as a whole can achieve a complete business outcome;
- (3) The occurrence of a transaction depends on the occurrence of at least one other transaction;
- (4) A transaction is uneconomic alone, but it is economic when considered together with other transactions.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XX) Long-term Equity Investment *(Continued)*

##### 4. Disposal of long-term equity investment *(Continued)*

Where the loss of control over the original subsidiary due to disposal of part of the equity investment or otherwise which is not a package transaction, the individual financial statements and consolidated financial statements shall be classified for relevant accounting treatment:

- (1) In the individual financial statements, the difference between the carrying amount of the disposed equity and the actual purchase price is included in the current profit or loss. If the remaining equity after disposal can exert joint control or significant influence on the investee, it shall be accounted for under the equity method, and the residual equity shall be deemed to be adjusted by equity method when it is acquired; if the remaining equity after disposal cannot exert joint control or significant influence over the investee, it shall be accounted for by the relevant provisions of the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, and the difference between the fair value and the carrying amount on the date of loss of control is included in the current profit or loss.
- (2) In the consolidated financial statements, for each transaction before the loss of control over the subsidiary, capital reserve (share premium) is adjusted for the difference between the disposal price and the share of the net assets corresponding to the disposed long-term equity investment that the subsidiary has continuously calculated from the date of purchase or the merger date; if the capital reserve is insufficient to offset, the retained earnings will be adjusted; when the control of the subsidiary is lost, the remaining equity shall be remeasured according to its fair value on the date of loss of control. The sum of the consideration for the disposal of the equity and the fair value of the remaining equity, less the share of the net assets that the original subsidiary has continuously calculated from the date of purchase calculated based on the original shareholding, is included in the investment income for the period of loss of control, while reducing goodwill. Other comprehensive income related to the original subsidiary’s equity investment will be converted into current investment income when control is lost.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XX) Long-term Equity Investment *(Continued)*

##### 4. Disposal of long-term equity investment *(Continued)*

If each transaction on disposal of the equity investment in a subsidiary until the loss of control is a package transaction, each transaction is accounted for as a transaction to dispose of the equity investment in the subsidiary with loss of control, which is distinguished between individual financial statements and consolidated financial statements:

- (1) In the individual financial statements, the difference between each disposal price and the carrying amount of the long-term equity investment corresponding to the disposed equity before the loss of control is recognised as other comprehensive income, and when the control is lost, it is transferred to profit or loss for the period of the loss of control.
- (2) In the consolidated financial statements, the difference between each disposal price and the disposal investment that has the share of the net assets of the subsidiary before the loss of control is recognised as other comprehensive income, and transferred to profit or loss for the period of the loss of control.

##### 5. Judging criteria for joint control and significant influence

If the Company collectively controls an arrangement with other parties in accordance with the relevant agreement, and the activity decision that has a significant impact on the return of the arrangement needs to be unanimously agreed upon by the parties sharing the control, it is considered that the Company and other parties jointly control an arrangement, which is a joint arrangement.

If the joint arrangement is reached through a separate entity and it determines that the Company has rights to the net assets of the separate entity in accordance with the relevant agreement, the separate entity is regarded as a joint venture and is accounted for using the equity method. If it is judged according to the relevant agreement that the Company does not have rights to the net assets of the separate entity, the separate entity acts as a joint operation, and the Company recognises the items related to the share of the interests of the joint operation and conducts accounting treatment in accordance with the relevant ASBEs.

Significant influence refers to the investor's power to participate in the decision-making of the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties. The Company considers one or more of the following situations may have significant influence on the investee by taking into account all facts and circumstances: (1) it is represented on the board of directors or similar authorities of the investee; (2) it involves in the formulation of financial and operating policy of the investee; (3) it has important transactions with the investee; (4) it dispatches management personnel to the investee; (5) it provides key technical information to the investee.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXI) Investment Property

Investment property refers to property held to earn rent or for capital appreciation, or both, including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, and leased buildings. In addition, for the vacant buildings that the Company holds for operating leases, if the board of directors makes a written decision that it is explicitly used for operating leases and that the holdings do not change in the short term, they are also presented as investment property.

The Company's investment property is recorded at its cost, and the cost of purchased investment property includes the purchase price, related taxes and other expenses directly attributable to the asset; the cost of self-built investment property is composed of the necessary expenses incurred before the asset is ready for expected use.

The Company adopts the cost model for subsequent measurement of investment property, and depreciates or amortises buildings and land use rights according to their estimated service life and net residual value. For investment property measured according to the cost model – the buildings for rental use adopt the same depreciation policy as the fixed assets of the Company, and the land use rights for rental are based on the same amortisation policy as the intangible assets.

When the use of investment property is changed to self-use, the Company converts the investment property into fixed assets or intangible assets from the date of change. When the use of self-use property changes to rental earning or capital appreciation, the Company converts fixed assets or intangible assets into investment property from the date of change. When a conversion occurs, the carrying amount before conversion is used as the converted value.

The investment property is derecognised when the investment property is disposed, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal. The amount of disposal income from the sale, transfer, retirement or damage of the investment property after deducting its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

#### (XXII) Fixed Assets

##### 1. Recognition conditions of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing labour services, renting or operating management, and having a useful life of more than one fiscal year. Fixed assets are recognised when they meet all of the following conditions:

- (1) the economic benefits associated with the fixed assets are likely to flow into the enterprise;
- (2) the cost of the fixed assets can be reliably measured.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXII) Fixed Assets (Continued)

##### 2. Initial measurement of fixed assets

The fixed assets of the Company are initially measured at cost.

- (1) the cost of outsourcing fixed assets includes the purchase price, import duties and other related taxes and fees, as well as other expenses that can be directly attributed to the assets before they reach their intended usable state.
- (2) The cost of self-built fixed assets is determined by the necessary expenditures incurred before the assets reach their expected usable state.
- (3) For fixed assets invested by investors, the value agreed in the investment contract or agreement is regarded as the carrying amount, but the value agreed in the contract or agreement is not accounted for at fair value.
- (4) If the payment for the purchase of fixed assets is delayed beyond the normal credit conditions, and is of a financing nature in essence, the cost of fixed assets is determined on the basis of the present value of the purchase price. The difference between the actual payment and the present value of the purchase price is recorded in the current profit or loss during the credit period, except where it should be capitalised.

##### 3. Subsequent measurement and disposal of fixed assets

###### (1) Depreciation of fixed assets

Depreciation of fixed assets is accrued over the estimated useful life based on its recorded value less the estimated net residual value. The fixed assets that have been provided for impairment losses are depreciated in the future period based on the carrying amount after deducting the impairment provision and the remaining useful life. Fixed assets that have been fully depreciated and continue to be used are not depreciated.

Fixed assets formed by using special reserve expenditures, reducing special reserves according to the cost of forming fixed assets, and recognize the accumulated depreciation of the same amount. Such fixed assets will no longer be depreciated in the future periods.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXII) Fixed Assets (Continued)

#### 3. Subsequent measurement and disposal of fixed assets (Continued)

##### (1) Depreciation of fixed assets (Continued)

The Company determines the service life and estimated net residual value of fixed assets based on the nature and use of fixed assets. At the end of the year, the service life, the estimated net residual value and the depreciation method of the fixed assets are reviewed. If there is a difference from the original estimate, corresponding adjustments will be made.

The depreciation method, depreciation period and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation basis	Depreciation period (year)	Residual rate	Annual depreciation rate
Houses and buildings	Straight line	8-40 years	3.00%-10.00%	2.25%-12.13%
Motor vehicles	Straight line	10 years	4.00%	9.60%
Highway	Straight line	20-25 years		4.00%-5.00%
Transportation equipment	Straight line	4-5 years	5.00%	19.00%-23.75%
Mining structures	Workload method			
Railway	Straight line	8-45 years	3.00%-5.00%	2.16%-12.00%
Electromechanical equipment	Straight line	5-20 years	3.00%-10.00%	4.5%-19.80%
Other equipment	Straight line	5-20 years	3.00%-10.00%	4.5%-19.80%

##### (2) Subsequent expenditures on fixed assets

Subsequent expenditures related to fixed assets that meet the conditions for recognition of fixed assets are included in the cost of fixed assets; those that do not meet the conditions for recognition of fixed assets are included in the current profit or loss when they occur.

##### (3) Disposal of fixed assets

When a fixed asset is disposed or no economic benefit is expected to result from its use or disposal, the fixed asset is derecognised. The amount of disposal income from sale, transfer, retirement or damage of the fixed asset after deducting its carrying amount and related taxes is included into the current profit or loss.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIII) Construction in Progress

##### 1. Initial measurement of construction in progress

The self-built construction in progress of the Company is measured at the actual cost, which is determined by the necessary expenses incurred before the construction of the asset reaches the intended usable condition, including the cost of engineering materials, labour costs and relevant taxes payable, capitalised borrowing costs and indirect costs that should be apportioned. The Company's construction in progress is classified into projects when in accounting.

##### 2. Criteria for and time point of construction in progress to convert into fixed asset

The total expenditure incurred before the construction in progress project is constructed to reach the intended usable condition shall be recorded as the carrying amount of the fixed assets. For the construction in progress built which has reached the intended usable condition, but has not yet completed the final accounts, since the date of reaching expected use condition, according to the project budget, cost or actual project costs, it shall be converted into fixed assets at the estimated value, and fixed assets shall be depreciated in accordance with the depreciation policy of the Company for fixed assets. After the completion of the final accounts, the original estimated value shall be adjusted according to the actual cost, but the original depreciation amount shall not be adjusted.

#### (XXIV) Borrowing Costs

##### 1. Recognition principle for capitalisation of borrowing costs

If the borrowing costs of the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalisation, it shall start capitalisation and be included in the cost of relevant assets in the case of eligible for capitalisation; other borrowing costs shall be recognised as expenses at the time of occurrence and shall be included in the current profit or loss.

Assets that are eligible for capitalisation are assets that require a long period of time to purchase or produce activities to achieve fixed assets, investment property and inventory that are available for intended use or sale.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXIV) Borrowing Costs *(Continued)*

##### 1. Recognition principle for capitalisation of borrowing costs *(Continued)*

Borrowing costs begin to capitalise when all of the following conditions are met:

- (1) Assets expenditure has occurred, including expenditure incurred in the form of cash payment, transfer of non-cash assets or assuming of interest-bearing debt for the acquisition and construction or production of assets eligible for capitalisation;
- (2) Borrowing costs have already occurred;
- (3) The purchase and construction or production activities necessary for the assets to reach the intended use or saleable status have started.

##### 2. Capitalisation period of borrowing costs

The period of capitalisation refers to the period from the point of time when the borrowing costs are capitalised to the point of time where the capitalisation is stopped, excluding the period during which the borrowing costs are suspended from capitalisation.

The borrowing costs shall cease to be capitalised when the assets acquired or produced that meet the conditions for capitalisation are ready for intended use or sale.

When a part of the assets purchased or produced that meet the capitalisation conditions are completed and can be used alone, such part of the assets shall stop capitalisation of borrowing costs.

Where each part of the assets purchased or produced is completed separately, but must wait until the whole is completed or can be sold externally, the capitalisation of the borrowing costs shall be stopped when the assets are completed as a whole.

##### 3. Suspension of capitalisation period

If the assets that meet the capitalisation conditions are interrupted abnormally during the construction or production process and the interruption time lasts for more than 3 months, the capitalisation of borrowing costs shall be suspended; the borrowing costs shall continue to be capitalised if the acquisition or production of assets eligible for capitalisation is necessary to meet the required usable status or the availability of sales. The borrowing costs incurred during the interruption are recognised as profit or loss for the current period and the borrowing costs continue to be capitalised until the acquisition or production of assets is resumed.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIV) Borrowing Costs (Continued)

##### 4. Calculation for capitalisation amount of borrowing costs

Interest charges on special borrowings (excluding interest income on unused borrowings deposited in the bank, or investment income on temporary investment) and their ancillary expenses shall be capitalised before the assets purchased or produced that meet the capitalisation conditions are ready for intended use or sale.

The amount of capitalised interest on general borrowings is calculated by the weighted average of the excess portion of the accumulative asset expenditures over the special borrowings multiplied by the capitalisation rate of general borrowings. The capitalisation rate is determined based on the weighted average interest rate of general borrowings.

Where there is a discount or premium in the borrowings, the interest amount shall be adjusted in accordance with the effective interest method to determine the discount or premium amount that shall be amortised during each accounting period.

#### (XXV) Charity Biological Assets

##### 1. Classification of biological assets

All of the biological assets of the Company are charity biological assets, which represent the biological assets that primarily serve the purposes of prevention and protection of the environment, including forests for the purposes of wind-breaking and sand fixation, prevention of soil erosion, conservation of water supply, etc.

A biological asset is recognised if it meets all of the following conditions:

- (1) An enterprise possesses or controls this biological asset as a result of past transaction or event;
- (2) The economic benefits or service potentials concerning this biological asset are likely to flow into the enterprise;
- (3) The cost of this biological asset can be measured reliably.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXV) Charity Biological Assets (Continued)

##### 2. Initial measurement of biological assets

The biological assets acquired by the Company are measured at their acquisition cost. The cost of externally purchased biological assets consists of the purchase price, the relevant taxes, freights, insurance premiums and other expenses that are directly attributable to the purchase of the assets. The cost of self-cultivated charity biological assets shall be determined by the essential expenses incurred prior to crown closure, such as afforestation fees, tending costs, forest protection fees, costs of forest operating facilities, seed testing fees, survey and design fees, and share of any indirect costs. For biological assets contributed by investors, their cost shall be determined by the value stipulated in the investment contract or agreement, except for the value stipulated in the contract or agreement is not fair.

##### 3. Subsequent measurement of biological assets

Charity biological assets shall not be depreciated. As charity biological assets cannot generate economic benefits, it is not necessary to depreciate them.

No provision shall be made for impairment losses on charity biological assets. As charity biological assets are held for the purposes of prevention and protection of the environment, which is non-operating in nature, no provision will be made for impairment losses thereon.

#### (XXVI) Right-of-use Assets

The Company initially measures the right-of-use assets at cost, which includes:

- 1) initial measurement amount of lease liabilities;
- 2) lease payments made before or at the beginning of the lease term, and deduction of the relevant amount of rental incentives if any;
- 3) initial direct expenses incurred by the Company;
- 4) expected costs to be incurred by the Company for dismantling and removing leased assets, restoring the site of leased assets or restoring leased assets to the state agreed in the lease terms (excluding costs incurred for the production of inventory).

After the beginning of the lease term, the Company adopts the cost model for subsequent measurement of the right-of-use assets.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVI) Right-of-use Assets (Continued)

If it is reasonably certain to obtain the ownership of the leased assets at the expiration of the lease term, the Company shall depreciate the leased assets within the remaining useful life of the leased assets. If it is not reasonably certain to obtain the ownership of the leased assets at the expiration of the lease term, the Company shall depreciate the leased assets within the shorter of the lease term and the remaining useful life of the leased assets. For the right-of-use assets with impairment provision, depreciation shall be calculated based on the carrying amount after deduction of impairment provision in accordance with the above principles in future periods.

#### (XXVII) Intangible Assets and Development Expenditure

Intangible assets refer to the identifiable non-monetary assets owned or controlled by the Company which have no physical form, including land use rights, mine exploration rights, mining rights, software and others.

##### 1. Initial measurement of intangible assets

The cost of externally purchased intangible assets includes the purchase price, relevant taxation and other expenses directly attributable to bringing the assets to expected usage. If payment for the purchase price of intangible assets is delayed beyond normal credit conditions and is in fact financing in nature, the cost of the intangible assets is determined based on the present value of the purchase price.

For intangible asset obtained through debt restructuring for offsetting the debt of the debtor, the book value of the intangible asset is determined based on its fair value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used for offsetting the debt is recognized in profit or loss for the period.

The carrying amount of intangible asset received in exchange for non-monetary asset is based on the fair value of the asset surrendered, provided that the exchange of non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; for exchange of non-monetary asset that cannot satisfy the above conditions, the cost of the intangible asset received is based on the carrying amount of the asset surrendered and relevant taxes payable, and no profit or loss is recognised.

For intangible asset obtained through business absorption or combination under common control, its carrying amount is determined by the carrying amount of the combined party; for intangible asset obtained through business absorption or merger not under common control, its carrying amount is determined by the fair value of the intangible asset.

The cost of an internally developed intangible asset includes the materials consumed in developing the intangible asset, labour costs, registration fees, amortisation of other patented rights and licensed rights used during the development process, interest expenses meeting capitalisation conditions, and other direct costs for bringing the intangible asset to expected usage.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVII) Intangible Assets and Development Expenditure (Continued)

##### 2. Subsequent measurement of intangible assets

The Company determines the useful life of intangible assets on acquisition, which are classified as intangible assets with limited useful life and indefinite useful life.

(1) *Intangible assets with a limited useful life*

Intangible assets with a limited useful life are depreciated using straight line method over the term during which they bring economic benefits to the Company. The estimated life and basis for the intangible assets with a limited useful life are as follows:

Item	Estimated useful life	Basis
Software	3 years, 5 years or 10 years	Contract term or useful life
Land use rights	10 years-50 years	Years permitted by land use certificate
Resource assets – mine exploration right	Output	Mineable reserves
Resource assets – others	15 years-50 years	Useful life
Patented technology	15 years	Useful life
Road use rights	18 years-20 years	Useful life

The useful life and depreciation method of intangible assets with a limited useful life are reassessed at the end of each period. If there is a difference from the original estimate, corresponding adjustments will be made.

Upon re-assessment, there was no difference in the useful life and depreciation method of intangible assets from the previous estimates at the end of the period.

(2) *Intangible assets with an indefinite useful life*

If the term of economic benefit the intangible asset can bring to the Company cannot be estimated, it is deemed to be an intangible asset with an indefinite useful life. At the end of this year, there is no intangible asset with an indefinite useful life in the Company.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXVII) Intangible Assets and Development Expenditure (Continued)

#### 3. Specific basis for determining the research stage and development stage of internal research and development projects of the Company

Research stage: a stage of scheduled innovative investigations and research activities for the acquisition and understanding of new scientific or technical knowledge.

Development stage: before the commercial production or use, the research results or other knowledge will be applied to a plan or design to produce new or substantial improvements in materials, devices, products and other activities.

The expenditure of the research stage of the internal research and development project is included in the current profit or loss at the time of occurrence.

#### 4. Specific standard for capitalisation of expenditure in the development stage

The expenditure of an internal research and development project in the development stage is recognised as an intangible asset when meeting all of the following conditions:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) With an intention to complete the intangible asset and to use or sell it;
- (3) The way the intangible asset generates economic benefits can prove the existence of a market for the products produced using the intangible asset or a market for the intangible asset itself, and if the intangible asset will be used internally, its usefulness can be proven;
- (4) Having sufficient technical, financial resources and other resource support to complete the development of the intangible asset, and having the ability to use or sell the intangible asset;
- (5) Expenditure attributable to the development stage of the intangible asset can be reliably measured.

Expenditures incurred in the development stage that do not meet the above conditions shall be included in the current profit or loss at the time of occurrence. The development expenditures which have been included in the profit or loss in the previous periods will not be recognised as an asset in the future period. The capitalised expenditures in the development phase are shown in the balance sheet as development expenditures and are converted into intangible assets from the date of the project's intended use.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXVIII) Impairment on Long-term Assets

On the balance sheet date, the Company determines whether there may be a sign of impairment on long-term assets. If there is a sign of impairment on long-term assets, the recoverable amount is estimated on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, then determine the recoverable amount of the asset group on the basis of the asset group to which the asset belongs.

The estimated recoverable amount of an asset is the higher of its fair value less the cost of disposal and the present value of the expected future cash flow of the asset.

The measurement results of recoverable amount show that when the recoverable amount of a long-term asset is lower than its carrying amount, the carrying amount of the long-term asset is written down to its recoverable amount. The reduced amount is recognised as an impairment loss on the asset and included in the current profit or loss, at the same time, asset impairment provision will be made accordingly. Asset impairment loss shall not be reversed during the subsequent accounting period once recognised.

After the asset impairment loss is recognised, the depreciation or amortisation expenses of the impaired assets will be adjusted accordingly in the future period, so that the assets' carrying amount after adjustment (deducting the estimated net residual value) will be systematically apportioned over the remaining useful life of the assets.

No matter whether there is any sign of impairment or not, the impairment test is carried out every year for goodwill and intangible assets with an indefinite useful life arising from an enterprise merger.

In the impairment test of goodwill, the carrying amount of goodwill would be apportioned to asset group or portfolio of asset group expected to benefit from the synergy effect of an enterprise merger. When taking an impairment test on the relevant asset group or portfolio of asset group containing goodwill, if there is a sign of impairment on the asset group or portfolio of asset group related to the goodwill, the Company firstly calculates the recoverable amount after testing the asset group or portfolio of asset group which does not contain the goodwill for impairment, and then compares it with the related carrying amount to recognise the corresponding impairment loss. Next, the Company conducts an impairment test on the asset group or portfolio of asset group which contains the goodwill and compares the carrying amount of the related asset group or portfolio of asset group (includes the carrying amount of the share of goodwill) with the recoverable amount. If the recoverable amount of the related asset group or portfolio of asset group is lower than the carrying amount, the Company will recognise the impairment loss of goodwill.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXIX) Long-term Deferred Expenses

##### 1. Amortisation method

Long-term deferred expenses refer to expenses that have already been spent by the Company, but shall be apportioned in the current period and the future periods and the benefit period is over 1 year. Long-term deferred expenses are amortised in benefit period.

##### 2. Amortisation year

- (1) The fixed asset improvement expenditure rented by lease is amortised on average according to the shorter of the remaining lease term and the useful life of the leased assets.
- (2) The demolition compensation fee and the divestiture fee of the open-pit mining part are amortised according to the output method.

#### (XXX) Contract Liability

The Company's obligation to transfer goods to customers for consideration received or receivable from customers is presented as contract liabilities.

#### (XXXI) Employee Remuneration

Employee remuneration refers to the various forms of remuneration or compensation given by the Company to obtain the services provided by the employees or to terminate the labour relationship. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

##### 1. Short-term remuneration

Short-term remuneration refers to the employee compensation, other than post-employment benefits and termination benefits, required to be fully paid by the Company within 12 months after the end of the annual reporting period in which the employees render relevant services. During the accounting period in which the employees render services, the Company recognises the short-term remuneration payable as liabilities and includes the same in related asset costs or expenses according to the object which benefits from the services rendered by employees.

##### 2. Post-employment benefits

Post-employment benefits refer to various forms of remuneration and benefits, other than short-term remuneration and termination benefits, provided by the Company after the retirement of employees or termination of labour relationship with the Company in exchange for the services rendered by employees.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXI) Employee Remuneration *(Continued)*

##### 2. Post-employment benefits *(Continued)*

Defined contribution plan of the post-employment benefits mainly refers to the social basic endowment insurance, unemployment insurance, etc. organised and implemented by local labour and social security institutions; in addition to social basic endowment insurance and unemployment insurance, employees who retire after 1 January 2009 can voluntarily participate in the Company's enterprise annuity plan. During the accounting period when employees render services to the Company, amount payable calculated by the defined contribution plan is recognised as a liability and included in the current profit or loss or related asset costs. The Company will no longer have any other payment obligations after making the abovementioned payments on a regular basis in accordance with the standards and annuity plans prescribed by the State.

##### 3. Termination benefits

Termination benefits refer to the compensation paid to an employee when the Company terminates the employment relationship with the employee before the expiry of the employment contract or provides compensation as an offer to encourage the employee to accept voluntary redundancy. At the earlier of the date when the Company cannot unilaterally withdraw the termination plans or cut-down proposals and the date of confirmation of relevant cost and expenses on paying termination benefits, the liabilities arising from indemnity provided for terminating labor relation with the employees are recognized and charged to profit or loss for the period.

The Company provides internal retirement benefits to employees who accept internal retirement arrangements. The internal retirement benefits refer to the remuneration and the social insurance premiums paid to the employees who have not reached the retirement age set by the State, and voluntarily withdrew from the job after approval of the Company's management. The Company pays internal retired benefits to an internal retired employee from the day when the internal retirement arrangement begins till the employee reaches the normal retirement age. For internal retirement benefits, the Company conducts accounting treatment in contrast to the termination benefits. When the related recognition conditions of termination benefits are met, the Company will recognise the remuneration and the social insurance premiums of the internal retired employee to be paid during the period between the employee's termination of service provision and normal retirement date as liabilities and include the same in the current profit or loss in one time. Changes in actuarial assumptions of internal retirement benefits and differences arising from the adjustment of welfare standards are included in current profit or loss when incurred.

##### 4. Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except for short-term remuneration, post-employment benefits, and termination benefits.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXI) Employee Remuneration (Continued)

##### 4. Other long-term employee benefits (Continued)

For other long-term employee benefits that meet the conditions of the defined contribution plan, during the accounting period in which the employees provide services for the Company, the amount that should be paid is recognised as a liability and is included in the current profit or loss or related asset costs. In addition to the above situations, other long-term employee benefits are actuarially calculated by the independent actuary using the expected cumulative welfare unit method on the balance sheet date, and the welfare obligations arising from the defined benefit plans are attributed to the period during which the employees provide services and are included in the current profit or loss or related asset costs.

#### (XXXII) Projected Liabilities

##### 1. Basis for recognition of projected liabilities

The Company will recognise projected liabilities if the obligation relating to contingent matters meets all of the following conditions:

This obligation is a present obligation assumed by the Company;

The fulfillment of this obligation will probably cause the outflow of economic benefits from the Company;

The amount of this obligation can be measured reliably.

##### 2. Measurement method of projected liabilities

The initial measurement of projected liabilities of the Company is based on the best estimate of the expenditure required for the performance of the related present obligations.

When determining the best estimate, the Company comprehensively considers the risks, uncertainties relating to the contingent matters and time value of currency. If the time value of currency has a great influence, the Company determines the best estimate by discounting the related future cash outflows.

The best estimate is determined in different situations as follow:

If there is a continuous range (or interval) of the required expenditure and the probability of the occurrence of all the results in the range is the same, the best estimate is determined according to the median value of the range, which is the average of the upper and lower limit.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXII) Projected Liabilities *(Continued)*

##### 2. Measurement method of projected liabilities *(Continued)*

Where there is not a continuous range (or interval) of the required expenditure, or there is a continuous range, but the probability of the occurrence of all the results in the range is different, if the contingencies involve a single project, the best estimate is determined by the amount which is most likely to occur; if the contingencies involve a number of projects, the best estimate is determined based on various possible results and related probability calculation.

If all or part of the expenses of the Company required to settle projected liabilities are expected to be compensated by a third party and it is basically certain to receive the amount of compensation, it is independently recognised as an asset. The amount of compensation recognised will not exceed the carrying amount of the projected liabilities.

#### (XXXIII) Lease Liabilities

The Company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning of the lease term. In calculating the present value of lease payments, the Company adopts the interest rate implicit in the lease as the discount rate. If it is impossible to determine the interest rate implicit in the lease, the incremental borrowing rate of the Company shall be used as the discount rate. Lease payments include:

1. Fixed payments and substantive fixed payments after deducting the relevant amount of lease incentives;
2. Variable lease payments depending on an index or rate;
3. Where the Company reasonably determines that the option will be exercised, the amount of the lease payment includes the exercise price of purchase option;
4. Where the lease term reflects that the Company will exercise the option to terminate the lease, the amount of the lease payment includes the amount to be paid for the exercise of the option to terminate the lease;
5. Expected payments based on the guaranteed residual value provided by the Company.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXIII) Lease Liabilities (Continued)

The Company calculates the interest charges of the lease liabilities for each period of the lease term at a fixed discount rate and includes the same in the profit or loss of the current period or the related asset costs.

Variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the related asset costs when they actually occur.

#### (XXXIV) Share-based Payment

##### 1. Category of share-based payment

The Company's share-based payments include equity-settled share-based payments and cash-settled share-based payments.

##### 2. Recognition method of fair value of equity instrument

For options and other equity instruments granted by the Company with an active market, the fair value is determined at the active market quotations. For options and other equity instruments granted by the Company with no active market, option pricing model shall be used to estimate the fair value of the equity instruments. Factors as follows shall be taken into account using option pricing models: the exercise price of the option, the validity of the option, the current price of the target share, the expected volatility of the share price, predicted dividend of the share and risk-free rate of the option within the validity period.

In determining the fair value of the equity instruments at the date of grant, the Company shall consider the impact of market conditions in the vesting conditions and non-vesting conditions stated in the share-based payment agreement. If there are no vesting conditions in the share-based payments, as long as the employees or other parties satisfy the non-market conditions in all of the vesting conditions (such as term of service), the Company shall recognise the services rendered as an expense accordingly.

##### 3. Recognition basis for the best estimate of exercisable equity instruments

On each balance sheet date within the vesting period, the estimated number of exercisable equity instruments is amended based on the best estimate made by the Company according to the latest available subsequent information as to changes in the number of employees with exercisable rights. As at the exercise date, the final estimated number of exercisable equity instruments should equal the actual number of exercisable equity instruments.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXIV) Share-based Payment *(Continued)*

#### 4. Relevant accounting treatment for implementation, amendment and termination of share-based payment plan

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. For those exercisable immediately after the grant, they shall be included in the relevant costs or expenses at the fair value of equity instruments at the grant date with an increase in capital reserve accordingly. For those exercisable only after provision of services or satisfaction of prescribed performance conditions within the vesting period, on each balance sheet date within the vesting period, the Company will recognise the services received in the current period in related costs or expenses and capital reserves at the fair value of equity instruments on the grant date based on the best estimate of the number of exercisable equity instruments. After the vesting period, relevant costs or expenses and total owners' equity which have been recognised will not be adjusted.

Cash-settled share-based payments are calculated by the fair value of liabilities assumed in accordance with the Company's shares or other equity instruments. For those exercisable immediately after the grant, they shall be included in the relevant costs or expenses at the fair value of the liabilities assumed by the Company at the grant date with an increase in liabilities accordingly. For cash-settled share-based payments exercisable only after provision of services or satisfaction of prescribed performance conditions within the vesting period, on each balance sheet date within the vesting period, the Company will recognise the services received in the current period in costs or expenses and corresponding liabilities at the amount of fair value of the liabilities assumed by the Company based on the best estimate of the number of exercisable equity instruments. At each balance sheet date and the settlement date prior to the settlement of relevant liabilities, the fair value of the liabilities is re-measured through current profit or loss.

During the vesting period, if the equity instruments granted are cancelled, the Company will treat the cancelled equity instruments granted as accelerated vesting, and the amount within the remaining period should be recognised immediately in current profit or loss while recognising the capital reverse. If employees or other parties can meet non-vesting conditions but do not meet within the vesting period, the Company will treat it as cancelled equity instruments granted.

#### (XXXV) Preference Shares, Perpetual Bonds and Other Financial Instruments

In accordance with the provisions of the Financial Instruments Standards, the financial instruments or their components issued by the Company are classified into financial liabilities or equity instruments on the basis of the contractual terms of preference shares, perpetual bonds and other financial instruments and their economic nature instead of only the legal form, together with the definition of financial liabilities and equity instruments on initial recognition:

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXV) Preference Shares, Perpetual Bonds and Other Financial Instruments (Continued)

**1. The Company classifies the financial instruments issued as financial liabilities when one of the following conditions is satisfied:**

- (1) The contractual obligation to pay cash or deliver other financial assets to other parties;
- (2) The contractual obligation to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions;
- (3) The non-derivative instrument contract which must or may be settled through the enterprise's own equity instruments and based on which the enterprise will deliver a variable quantity of its own equity instruments;
- (4) The derivative instrument contract which must or may be settled through the enterprise's own equity instruments, except for the derivative instrument contract based on which the enterprise will exchange a fixed amount of its own equity instruments for a fixed amount cash or other financial assets.

**2. The Company classifies the financial instruments issued as equity instruments when all of the following conditions are satisfied:**

- (1) The financial instruments have no contractual obligations to pay in cash or other financial assets to other parties nor to exchange financial assets or financial liabilities under potential adverse condition with other parties;
- (2) If the financial instruments will or may be settled through the enterprise's own equity instruments, they are a non-derivative instrument that includes no contractual obligations to deliver a variable number of its own equity instruments; or a derivative instrument that will be settled only by enterprise's exchanging a fixed amount of its own equity instruments for a fixed number of cash or other financial assets.

**3. Accounting treatment**

Regarding financial instruments classified as equity instruments, their interest expense or dividend payout should be used for enterprises' profit distribution, and their repurchase and cancellation should be taken as equity change, while fees, commissions and other transaction fees shall be deducted from equity;

Regarding financial instruments classified as financial liabilities, their interest expense or dividend payout should be taken as borrowing costs in principle, and the gains or losses resulting from their repurchase or redemption should be stated as current gains/losses, while fees, commissions and other transaction fees are stated in the initial measurement amount of the issued instruments.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXVI) Revenue

##### 1. General principle for revenue recognition

Revenue is recognised based on the transaction price allocated to such performance obligation when the Company satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

A performance obligation represents the commitment in the contract that a good and service that is distinct shall be transferred by the Company to the customer.

Obtaining control of the relevant goods means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom.

The Company assesses a contract at the start date of the contract to identify each individual performance obligation that is included in the contract and determine whether the individual performance obligation is to be performed within a certain period of time or at a time point. If one of the following conditions is met, a performance obligation which is performed over a certain period of time will be recognised as revenue by the Company based on the progress of the performance within a period of time: (1) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; (2) the customer can control the goods under construction during the Company's performance; (3) the Company's performance does not create goods with an alternative use to it and the Company has a right to payment for performance completed to date throughout the contract term. Otherwise, the Company will recognise revenue at the point in time when the customer obtains control of the relevant goods or services.

For performance obligation fulfilled during a certain period of time, the Company recognises revenue in accordance with the progress of the performance, and the output method (or input method) is used to determine the appropriate performance schedule based on the nature of the goods and services. The output method is based on the value of the goods transferred to the customer to determine the performance of the customer (the input method is based on the Company's commitment to fulfill the performance obligations). When the performance of the contract cannot be reasonably determined and the Company is expected to be reimbursed for the cost incurred, the revenue shall be recognised according to the cost amount incurred until the performance schedule can be reasonably determined.

## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXVI) Revenue *(Continued)*

##### 2. Revenue treatment principles for specific transactions

(1) *Contracts with sales return provisions*

When the customer obtains control of the relevant goods, revenue is recognised based on the amount of consideration expected to be received due to the transfer of goods to the customers (exclusive of the amount expected to be refunded due to the return of sales), while liability is recognised based on the amount expected to be refunded due to the return of sales.

The carrying amount of goods expected to be returned at sales of goods, after deduction of costs expected to incur for recovery of such goods (including impairment of value of the returned goods), will be accounted for under the item of "Right of return assets".

(2) *Contracts with quality assurance provisions*

The Company assesses whether a separate service is rendered in respect of the quality assurance besides guaranteeing the sales of goods to customers are in line with the designated standards. When additional service is provided by the Company, it is considered as a single performance obligation and under accounting treatment according to the standards on revenue; otherwise, quality assurance obligations will be under accounting treatment according to the accounting standards on contingent matters.

(3) *Sales contracts with additional purchase option of customers*

The Company assesses whether customers will enjoy a significant right with this option. If customers enjoy a significant right, it is considered as a single performance obligation and the transaction price is apportioned to this performance obligation, and corresponding revenue is recognised when the customers obtain control of the relevant goods after exercising the purchase option in the future or the option elapses. Where the single sales price of additional purchase option of customers is not observable directly, it will be reasonably estimated by considering the difference between the discounts available under the circumstances where the option is exercised and not exercised by the customers, respectively, the possibility of exercising of the option by the customers, and other relevant information.

(4) *Contracts on grant of intellectual property license to customers*

The Company assesses whether the intellectual property license constitutes a single performance obligation. If so, the Company will then further determine whether it is fulfilled during a certain period of time or at a certain point in time. Where intellectual property license is granted to the customers with agreed terms on charging royalties based on the actual sales of or use by them, the revenue will be recognised at the time of the following, whichever is later: actual occurrence of subsequent sales of or use by customers; the fulfillment of relevant performance obligation by the Company.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXVI) Revenue *(Continued)*

##### 2. Revenue treatment principles for specific transactions *(Continued)*

###### (5) *After-sale repurchase*

- 1) Contracts with repurchase obligation due to forward arrangement with customers: In this case, the customers do not obtain control of the relevant goods at the time of sales, thus it is taken as a leasing transaction or financing transaction for corresponding accounting treatment. In particular, contract whose repurchase price is lower than its original sales price is regarded as a leasing transaction for accounting treatment according to the provisions on leasing of the ASBEs; contract whose repurchase price is not lower than its original sales price is regarded as a financing transaction, and will be recognised as a financial liability upon receipt of the amount due from customers, and the difference between such amount and the repurchase price is recognized as interest expense, etc. during the repurchase period. Where the repurchase right is not exercised by the Company at the maturity date, the financial liability will be derecognised and revenue will be recognised at the same time when the repurchase right falls due.
- 2) Contracts with repurchase obligation as required by customers: Where customers have significant economic factors upon assessment, after-sale repurchase will be regarded as a leasing transaction or financing transaction for accounting treatment according to the provisions set out in Item 1) above; otherwise, it will be treated as a sales transaction with sales return provisions.

###### (6) *Contracts with collection of initial fees from customers with no need for return*

The initial fees charged from customers with no need for return on the commencement (or close to the commencement) date of the contract shall be included in the transaction price. Upon assessment by the Company, where the initial fees are associated with the transfer of promised goods to customers, and such goods constitute a single performance obligation, the revenue will be recognised based on the transaction price apportioned to such goods at the transfer of the goods; where the initial fees are associated with the transfer of promised goods to customers, but such goods do not constitute a single performance obligation, the revenue will be recognised based on the transaction price apportioned to the single performance obligation at the fulfillment of the single performance obligation including such goods; where the initial fees are not associated with the transfer of promised goods to customers, the initial fees will be treated as advances from goods to be transferred in the future and recognized as revenue when transfer the goods in the future.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXVI) Revenue (Continued)

##### 3. Detailed method for revenue recognition

Revenue is recognised when the Company satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where two or more performance obligations are included in a contract, at the commencement date of the contract, the Company will allocate the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised, and measure revenue based on the transaction price being allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The consideration which the Company expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Company recognises the transaction price at an amount that reflects the price that a customer would have paid for the goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the contract consideration is amortised using an effective interest rate method over the contract term.

The Company satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a certain point in time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the customer can control the goods under construction during the Company's performance;
- the Company's performance does not create goods with an alternative use to it and the Company has a right to payment for performance completed to date throughout the contract term.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXVI) Revenue *(Continued)*

##### 3. Detailed method for revenue recognition *(Continued)*

For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognises revenue only to the extent of the amount of costs incurred until it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a certain point in time, the Company recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators:

- the Company has a present right to payment for the goods or services;
- the Company has transferred physical possession of the goods to the customer;
- the Company has transferred the legal ownership or the significant risks and rewards of ownership of the goods to the customer;
- the customer has accepted the goods or services.

The Company has the right to transfer the goods or services to the customer and is entitled to receive the consideration (and such right is subject to factors other than the passage of time) as contract assets which are depreciated on the basis of expected credit losses as detailed in 6. Impairment of financial instrument under Note (XI) hereof. The Company has the right to charge the customer's consideration as unconditionally (depending on the passage of time) as a receivable. The obligation of the Company to transfer goods or services to customers after receiving or receivable customer considerations is presented as contract liabilities.





## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXVI) Revenue *(Continued)*

##### 3. Detailed method for revenue recognition *(Continued)*

The specific recognition method for revenue from major activities of the Company are as follows:

(1) *Coal product sales*

According to the terms of the sales contract, and with the coal product sales whose performance obligations are performed at a certain point in time, the Company recognises the sales revenue when the customer obtains the control of the relevant goods or services, of which: according to the provisions of the contract, for the delivery on site, the revenue is recognised based on the quantities determined after the coal being transported to the customer's site and confirmed by both parties and the price stipulated by the quality index; for the delivery via vehicle transportation, the revenue is recognised based on the loading quantities of customers in the dispatching station or coal mine and the price stipulated by the quality index; for the delivery via direct railway, the revenue is recognised based on the quantities determined after the coal being transported to the customer's designated site and confirmed by both parties and the price stipulated by the quality index; for the offshore sales by way of closing out, the revenue is recognised based on the shipment quantities determined by both parties and the price stipulated by the quality index.

(2) *Coal-to-chemical product*

According to the terms of the sales contract, and with the coal-to-chemical product sales whose performance obligations are performed at a certain point in time, the Company recognises the sales revenue according to the sales delivery volume and the transaction price settled by the customer when the customer obtains the control of the relevant goods or services.

(3) *Transportation business sales*

According to the terms of the sales contract, and with the transportation business sales whose performance obligations are performed over a certain period of time, the Company recognises the revenue according to the transportation unit price and the distance as required after the provision of relevant transportation businesses.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXVII) Contract Costs

##### 1. Contract performance cost

The Company recognises the cost of contract performance as an asset for the cost of performing the contract as meeting all of the following conditions:

- (1) The cost is directly related to a current or expected contract, including direct labour, direct materials, manufacturing expenses (or similar expenses), costs clearly to be borne by the customer, and other costs incurred solely for the contract;
- (2) This cost increases the resources that the Company will use to fulfill its performance obligations in the future.
- (3) The cost is expected to be recovered.

The asset is presented in inventory or other non-current assets based on whether the amortisation period at initial recognition exceeds a normal operating cycle.

##### 2. Contract acquisition cost

If the incremental cost of the Company is expected to be recovered, the contract acquisition cost is recognised as an asset. Incremental cost refers to the cost that the Company will not occur without obtaining a contract, such as sales commission. For the amortisation period not exceeding one year, it is included in the current profit or loss when it occurs.

##### 3. Amortisation of contract costs

The Company recognises the contract performance cost and the contract acquisition cost on the same basis as the commodity income related to the contract cost asset, and amortises it at the time when the performance obligation is performed or in accordance with the performance of the performance obligation, and is included in the current profit or loss.

##### 4. Contract cost impairment

For the above assets related to contract costs, if the book value is higher than the difference between the remaining consideration expected to be received by the Company for transfer of the goods related to the assets and the estimated cost of transferring the relevant goods, the excess should be depreciated and recognised as an asset impairment loss.

After the provision for impairment is made, if the factors of impairment in prior periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognised in current profit or loss, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the reversal date if no provision for impairment had been made previously.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXVIII) Government Subsidies

##### 1. Classification

Government subsidies refer to monetary and non-monetary assets received from the government without compensation, however excluding the capital invested by the government as a corporate owner. According to the subsidy objects stipulated in the documents of relevant government, government subsidies are divided into subsidies related to assets and subsidies related to income.

Government subsidies related to assets are obtained by the Company for the purposes of acquiring, constructing or otherwise forming long-term assets. Government subsidies related to income refer to the government subsidies other than those related to assets.

##### 2. Recognition of government subsidies

Where evidence shows that the Company complies with relevant conditions of policies for financial supports and is expected to receive the financial support funds at the end of the period, the amount receivable is recognised as government subsidies. Otherwise, the government subsidy is recognized upon actual receipt.

Government subsidies in the form of monetary assets are stated at the amount received or receivable. Government subsidies in the form of non-monetary assets are measured at fair value; if fair value cannot be reliably obtained, a nominal amount (RMB1) is used. Government subsidies that are measured at nominal amount shall be recognised in the current profit or loss directly.

##### 3. Accounting treatment

Government subsidies related to assets are recognised as deferred income, and are recognised, under reasonable and systematic approach, in profit and loss in each period over the useful life of the constructed or purchased assets;

Government subsidies related to income aiming at compensating for relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognised as deferred income, and are recognised in current profit or loss when relevant expenses or losses are recognised. Government subsidies aiming at compensating for relevant expenses or losses of the enterprise that are already incurred are charged to current profit or loss directly once received.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XXXVIII) Government Subsidies *(Continued)*

##### 3. Accounting treatment *(Continued)*

Government subsidies related to daily activities of enterprises are included in other income; government subsidies that are not related to daily activities of enterprises are included in non-operating income and expense.

Government subsidies related to the discount interest received from policy-related preferential loans offset the relevant borrowing costs; if the policy-based preferential interest rate loan provided by the lending bank is obtained, the borrowing amount actually received shall be taken as the recording value of the borrowings, and borrowing cost should be calculated using the preferential interest rate according to the loan principal and the policy.

When it is required to return recognised government subsidy, if such subsidy is used to write down the carrying value of relevant assets on initial recognition, the carrying value of the assets shall be adjusted; if there is balance of relevant deferred income, it shall be written down to the book balance of relevant deferred income, and the excess is included in the current profit or loss; where there is no relevant deferred income, it shall be directly included in the current profit or loss.

#### (XXXIX) Deferred Income Tax Assets and Deferred Income Tax Liabilities

Deferred income tax assets and deferred income tax liabilities are measured and recognised based on the difference (temporary difference) between the taxable base of assets and liabilities and book value. On balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when it is expected to recover such assets or settle such liabilities.

##### 1. Criteria for recognition of deferred income tax assets

The Company recognises deferred income tax assets arising from deductible temporary difference to the extent it is probably that future taxable amount will be available against which the deductible temporary difference can be utilised, and deductible losses and taxes can be carried forward to subsequent years. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in a transaction with the following features are not recognised:

- (1) the transaction is not a business combination;
- (2) neither the accounting profit nor the taxable income or deductible losses will be affected when the transaction occurs.

For deductible temporary difference in relation to investment in the associates, corresponding deferred income tax assets are recognised in the following conditions: the temporary difference is probably reversed in a foreseeable future and it is likely that taxable income is obtained for deduction of the deductible temporary difference in the future.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XXXIX) Deferred Income Tax Assets and Deferred Income Tax Liabilities (Continued)

##### 2. Criteria for recognition of deferred income tax liabilities

The Company recognises deferred income tax liabilities on the temporary difference between the taxable but not yet paid taxation in the current and previous periods, excluding:

- (1) temporary difference arising from the initial recognition of goodwill;
- (2) a transaction or event arising from non-business combination, and neither the accounting profit nor the taxable income (or deductible losses) will be affected when the transaction or event occurs;
- (3) for taxable temporary difference in relation to investment in subsidiaries or associates, the time for reversal of the temporary difference can be controlled and the temporary difference is probably not reversed in a foreseeable future.

##### 3. When all of the following conditions are satisfied, deferred income tax assets and deferred income tax liabilities shall be presented on a net basis

- (1) An enterprise has the statutory right to settle the current income tax assets and current income tax liabilities at their net amounts;
- (2) The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the related taxable entities or different taxable entities which intend either to settle current income tax assets and current income tax liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XL) Hedge Accounting

According to the hedging relationship, the Company divides hedging into fair value hedge, cash flow hedge and overseas net investment hedging.

**1. Hedging instruments that meet the following conditions at the same time are processed using hedging accounting method**

- (1) The hedging relationship only consists of eligible hedging instruments and hedged items.
- (2) At the beginning of hedging, the Company officially designates hedging instruments and hedged items, and prepares written documents on hedging relationships and risk management strategies and risk management objectives for hedging.
- (3) The hedging relationship meets the requirement of hedging validity.

If the hedging meets the following conditions at the same time, it is determined that the hedging relationship meets the hedging validity requirements:

- 1) There is an economic relationship between the hedged items and the hedging instruments. This economic relationship makes the value of hedging instruments and hedged items change in opposite directions due to the same hedged risk.
- 2) Among the value changes caused by the economic relationship between the hedged items and the hedging instruments, the influence of credit risk is not dominant.
- 3) The hedging ratio of the hedging relationship is equal to the ratio of the actual number of hedged items of the Company to the actual number of its hedging instruments, but it does not reflect the imbalance of the relative weight of the hedged items and the hedging instruments. This imbalance will lead to invalid hedges and may produce accounting results that are inconsistent with the hedge accounting objectives.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XL) Hedge Accounting (Continued)

##### 2. Method of fair value hedge accounting

- (1) Gains or losses from hedging instruments are included in the current profit or loss. If the hedging instruments are hedged on a non-trading equity instrument investment (or its component) that is selected to be measured at fair value through other comprehensive income, the gains or losses from the hedging instruments are included in other comprehensive income.
- (2) The gains or losses resulting from the hedged risk exposure of the hedged items are included in the current profit or loss, while adjusting the book value of the confirmed hedged item that is not measured at fair value. If the hedged item is a financial asset (or its component) measured at fair value through other comprehensive income, the gain or loss resulting from the hedged risk exposure is included in the current profit or loss, and its book value has been measured at fair value with no adjustment required; if the hedged item is a non-trading equity instrument investment (or its component) that the Company chooses to measure at fair value through other comprehensive income, the profit or loss resulting from the hedged risk exposure is included in other comprehensive income, and its book value has been measured at fair value, with no adjustment required.

If the hedged item is an unrecognised confirmed commitment (or part of it), the cumulative changes in fair value due to the hedged risk after the hedging relationship designated are recognised as an asset or liability, and the relevant gain or loss is included in profit or loss for each relevant period. When the asset or liability is acquired by fulfilling the established commitment, the initial recognition amount of the asset or liability is adjusted to include the cumulative changes in the fair value of the confirmed hedged items.

- (3) If the hedged item is a financial instrument (or its component) measured at amortised cost, the adjustment to the book value of the hedged item is amortised at the effective interest rate recalculated on the amortisation date and is included in the current profit or loss. The amortisation may start from the adjustment date, but not later than the time when the hedged gains and losses are adjusted for the termination of the hedged item. If the hedged item is a financial asset (or its component) measured at fair value through other comprehensive income, the accumulated recognised hedging gains or losses are amortised in the same manner and are included in the current profit and loss, but the book value of the financial asset (or its component) is not adjusted.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XL) Hedge Accounting *(Continued)*

##### 3. Method of cash flow hedge accounting

- (1) The part of gains or losses generated by the hedging instruments are as the effective hedging, which is regarded as the cash flow hedging reserve, and are included in other comprehensive income. The amount of cash flow hedge reserve is determined according to the lower of the absolute amounts of the following two items:
  - 1) Cumulative gains or losses of hedging instruments since hedging;
  - 2) The cumulative changes in the present value of the expected future cash flow of the hedged item since hedging. The amount of the cash flow hedge reserve included in other comprehensive income in each period is the amount of change in the current cash flow hedge reserve.
- (2) The part of gains or losses generated by hedging instruments which is invalid for hedging (that is, other gains or losses after deducting other comprehensive income) is included in the current profit or loss.
- (3) The amount of cash flow hedge reserve shall be handled in accordance with the following provisions:
  - 1) The hedged item is an expected transaction, and the expected transaction causes the company to subsequently recognise a non-financial asset or non-financial liability, or the expected transaction of non-financial asset or non-financial liability forms a confirmed commitment which applies to the fair value hedge accounting, then the amount of the cash flow hedge reserve originally recognised in other comprehensive income is transferred out and included in the initial recognition amount of the asset or liability.
  - 2) For cash flow hedges that are not covered in the previous article, the amount of cash flow hedge reserve originally recognised in other comprehensive income is transferred out and included in the current profit or loss in the same period in which the expected cash flow of the hedge affects the profit or loss.
  - 3) If the amount of cash flow hedge reserve recognised in other comprehensive income is a loss, and the loss is expected to be irreparable in whole or in part in the future accounting period, then the irrecoverable part is transferred out from other comprehensive income and included in the current profit or loss when the loss is expected to be irrecoverable.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XL) Hedge Accounting (Continued)

##### 4. Overseas operation net investment hedging

The overseas operation net investment hedging, including hedging of monetary items that are accounted for as part of net investment, is handled by the Company in accordance with regulations similar to cash flow hedge accounting:

- (1) The part of gains or losses generated by the hedging instruments, which is an effective hedging, shall be included in other comprehensive income.

When disposing of overseas operations in whole or in part, the gains or losses of the above-mentioned hedging instruments included in other comprehensive income should be transferred out accordingly and included in the current profit or loss.

- (2) The part of gains or losses generated by hedging instruments, which is invalid for hedging, shall be included in the current profit or loss.

##### 5. Termination of hedge accounting

For any of the following situations, the use of hedge accounting will be terminated:

- (1) Due to changes in risk management objectives, the hedging relationship no longer meets the risk management objectives.
- (2) The hedging instrument has expired or has been sold, or the contract has been terminated or exercised.
- (3) There is no longer an economic relationship between the hedged item and the hedging instrument, or among the value changes caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk begins to dominate.
- (4) The hedging relationship no longer satisfies other conditions for the use of hedging accounting methods as stipulated in this standard. In the case of rebalancing of the hedging relationship, the enterprise should firstly consider the rebalancing of the hedging relationship, and then assess whether the hedging relationship satisfies the conditions for applying the hedging accounting method specified in this standard.

The termination of hedging accounting may affect the whole or a part of the hedging relationship. When only a part of it is affected, the remaining unaffected parts still apply to hedging accounting.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XL) **Hedge Accounting** *(Continued)*

##### 6. **Fair value selection of credit risk exposure**

When using credit derivative instruments that are measured at fair value through current profit or loss to manage the credit risk exposure of the financial instrument (or its component), it is designated as a financial instrument measured at fair value through current profit or loss at the time of initial recognition of the financial instrument (or its component) and when it has not been confirmed in subsequent measurement, and a written record is also made, but the following conditions should also be met at the same time:

- (1) The subject of credit risk exposure of the financial instrument (such as borrowers or loan commitment holders) is consistent with the subject of credit derivatives;
- (2) The repayment level of the financial instrument is consistent with that of the instrument to be delivered under the terms of credit derivatives.

#### (XLI) **Lease**

For a contract which has existed before the initial execution date, the Company does not re-evaluate whether it is a lease or contains a lease at the initial execution date, and does not adopt the accounting policies below for the contract which is not identified as containing a lease under the original lease standards before the initial execution date, and adopts the accounting policies below only for the contract which is identified as a lease under the original lease standards before the initial execution date and the contract whose commencement date is later than the initial execution date.

On the commencement date of the contract, the Company evaluates whether the contract is a lease or contains a lease. If one party to a contract gives up the right to control the use of one or more identifiable assets for a period of time in exchange for consideration, the contract is a lease or contains a lease.

##### 1. **Spin off of lease contracts**

When the contract contains a number of separate leases, the Company will split the contract into separate leases for accounting individually.

When the contract contains both leasing and non-leasing parts, the Company will split the leasing and non-leasing parts. The leasing part shall be accounted for in accordance with the lease standards, and the non-leasing part shall be accounted for in accordance with other applicable accounting standards for business enterprises.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XLI) **Lease** *(Continued)*

##### **2. Consolidation of lease contracts**

When two or more lease-containing contracts concluded by the Company with the same trader or its related parties at the same time or at a similar time meet one of the following conditions, the Company shall merge them into one contract for accounting:

- (1) Such two or more contracts are concluded for general commercial purposes and constitute a package of transactions. If these are not considered as a whole, these overall commercial purposes cannot be recognised.
- (2) The amount of consideration for a contract in such two or more contracts depends on the pricing or performance of other contracts.
- (3) The right-of-use assets transferred by such two or more contracts together constitute a separate lease.

##### **3. Accounting treatment for the Company as a lessee**

On the commencement date of lease term, the Company recognises right-of-use assets and lease liabilities for leases, in addition to short-term leases and low-value asset leases with simplified treatment.

Short-term lease refers to a lease that does not include purchase options and has a lease term not exceeding 12 months. Low-value asset lease refers to the lease with lower value when a single leased asset is a new asset.

The Company recognises right-of-use assets and lease liabilities for leases other than short-term leases and low-value asset leases.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XLI) Lease (Continued)

##### 4. Accounting treatment for the Company as a lessor

###### (1) Classification of leases

The Company divides leases into financial leases and operating leases on the start date of the lease. Financial lease refers to a lease that essentially transfers almost all of the risks and rewards related to the ownership of leased assets. Its ownership may or may not be transferred eventually. Operating leases refer to leases other than financial leases.

If a lease has one or more of the following characteristics, the Company usually classifies it as a financial lease:

- 1) At the expiry of the lease term, the ownership of the leased assets is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets, and the purchase price set by the lessee is low enough compared with the expected fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise the option.
- 3) Although the ownership of the assets is not transferred, the lease term accounts for the majority of the life of the leased assets.
- 4) On the commencement date of the lease, the present value of the lease receipts is almost equal to the fair value of the leased assets.
- 5) The nature of leased assets is special. If there is no major transformation, only the lessee can use them.

If one or more of the following conditions exist in a lease, it may also be classified as a financial lease:

- 1) If the lessee stops the lease, the lessee shall bear the losses caused by the termination of the lease to the lessor.
- 2) The profits or losses caused by the fluctuation of the fair value of the balance of assets belong to the lessee.
- 3) The lessee can continue to lease at a rent far below the market level for the next period.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XLI) Lease (Continued)

#### 4. Accounting treatment for the Company as a lessor (Continued)

##### (2) Accounting treatment for financial leases

On the commencement date of lease term, the Company recognises the financial lease receivable on the financial leases and derecognises the financial lease assets.

When the initial measurement of the financial lease receivable is made, the book value of the financial lease receivable is the sum of the unsecured balance and the present value of lease receipts that have not yet been received at the beginning of the lease term discounted at the interest rate implicit in the lease. The lease receipts include:

- 1) Fixed payments and substantive fixed payments after deducting the relevant amount of lease incentives;
- 2) Variable lease payments depending on an index or rate;
- 3) In the case of reasonably determining that the lessee will exercise the purchase option, the lease receipts include the exercise price of purchase option;
- 4) If the lease term reflects that the lessee will exercise the option to terminate the lease, the lease receipts include the amount to be paid by the lessee in exercising the option to terminate the lease;
- 5) Guarantee residual value provided to the lessor by the lessee, the party concerned with the lessee and an independent third party with financial capacity to fulfill the guarantee obligation.

The Company calculates and recognises the interest income for each period of the lease term based on the fixed interest rate implicit in the lease, and the variable lease payments which are obtained and not included in the net rental investment amount are included in the current profit or loss of the period when they actually occur.

##### (3) Accounting treatment for operating leases

The Company adopts the straight line method or other systematic and reasonable method to recognise the lease receipts from operating leases as rental income during each period of the lease term. Capitalisation of the initial direct expenses incurred in connection with operating leases shall be apportioned on the same basis as the recognition of rental income during the lease term, and shall be recorded in the profit or loss of the current period in installments. Variable lease payments obtained in connection with operating leases that are not incorporated in the lease receipts shall be incorporated in the current profit or loss of the period when they actually occur.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XLI) **Lease** *(Continued)*

##### 5. **Sale-leaseback transaction**

###### (1) *Accounting treatment for the Company as both seller and lessee*

If the transfer of assets in the sale-leaseback transaction belongs to a sale, the Company shall measure the right-of-use assets formed by the after-sale leaseback based on the part of the book value of the original assets related to the right of use acquired by the leaseback, and only recognise the relevant gains or losses in respect of the rights transferred to the lessor. If the fair value of the sale consideration is different from the fair value of the assets, or the lessor does not collect rent at the market price, the Company will treat the amount of the sale consideration below the market price as the prepaid rent, and the amount higher than the market price as the additional financing provided by the lessor to the lessee for accounting purposes. At the same time, the relevant sales gains or losses are adjusted according to fair value.

If the transfer of assets in the sale-leaseback transaction does not belong to a sale, the Company shall continue to recognise the transferred assets and at the same time recognise a financial liability at an amount equal to the transfer income.

###### (2) *Accounting treatment for the Company as both buyer and lessor*

If the transfer of assets in the sale-leaseback transaction belongs to a sale, the Company shall account for it as the purchase of assets and treat the lease of assets in accordance with the lease standards. If the fair value of sales consideration is different from that of assets, or if the Company fails to collect rent at market price, the Company will treat the amount of sales consideration below market price as advance rent, and the amount above market price as additional financing provided by the Company to the lessee for accounting purposes. At the same time, rent income is adjusted according to market price.

If the transfer of assets in the sale-leaseback transaction does not belong to a sale, the Company shall recognise a financial asset at an amount equal to the transfer income.



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XLII) **Discontinued Operations**

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and

- (1) represents a separate major line of business or geographical area of operations,
- (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- (3) is a subsidiary acquired exclusively with a view to resale.

Operating gains and losses such as impairment losses and reversal amount of discontinued operations and gains and losses on disposal are shown in the income statement as gains or losses on discontinued operations.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XLIII) Safety Production Expenses

The repair and maintenance cost and safety production expenses provided by the Company in accordance with the national regulations are included in the relevant product cost or the current profit or loss, and recorded in the “specific reserve” item. When such safety production expenses are applied and related to revenue expenditures, specific reserve is directly offset. When fixed assets are incurred, they are included in the “construction in progress” item and transferred to fixed assets when the status of the assets is ready for intended use. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods.

According to the requirements of the Ministry of Finance, the National Coal Mine Safety Administration and relevant government departments, the Company provides repair and maintenance cost and coal mine safety expenses based on coal production output and includes the same in production costs, of which well mining is provided at RMB30.00/tonne, surface mines provided at RMB5.00/tonne and repair and maintenance cost provided at RMB10.50/tonne. Safety expenses for transportation enterprises of the Company are provided based on the actual operating revenue for the previous year, and 1.00% is adopted for ordinary cargo transportation business. Safety expenses for coal chemical enterprises of the Company are provided as per the actual operating revenue for the previous year month by month with excessive and accumulative withdrawal method based on the following standards: 4.50% for operating revenue not exceeding RMB10 million; 2.25% for the proportion exceeding RMB10 million but less than RMB100 million; 0.55% for the proportion exceeding RMB100 million but less than RMB1.0 billion; and 0.20% for the proportion exceeding RMB1.0 billion.

Repair and maintenance cost is mainly used for mine (open-pit) development and extension projects, mine (open-pit) technical transformation, coal mine fixed asset renewal, transformation and sporadic purchase of fixed assets, supplementary exploration for mining production, comprehensive utilization and treatment expenses on the “three wastes” and promotion of new technologies in mines, among others.

Coal mine safety expenses are mainly incurred from the upgrade and transformation of major mine ventilation equipment, improvement and renovation of gas monitoring system and drainage system for mines, comprehensive prevention and control of coal and gas outburst, fire prevention and extinguishing, water control, safety maintenance for electromechanical equipment and facilities, safety maintenance for power supply and distribution system as well as other safety production directly-related investments; transportation sector safety expenses are mainly incurred from the improvement, renovation and maintenance of safeguard facilities and equipment (exclusive of those initially invested under the “Three Simultaneous” requirements), including safety inspection and maintenance system for roadway, waterway, railway and pipeline transporting facilities and equipment and handling instruments, ancillary safety equipment for transporting facilities and equipment and handling instruments, etc.; coal-to-oil safety expenses are mainly incurred from the improvement, renovation and maintenance of safeguard facilities and equipment (exclusive of those initially invested under the “Three Simultaneous” requirements), including monitoring, inspection, ventilation, sun block, temperature control, fireproof, fire extinguishing, anti-explosion, pressure relief, anti-virus, disinfection, neutralisation, moisture-proof, anti-lighting, anti-static, anti-corrosion, leak-proof, protective fence or isolation facilities and equipment for workshops, warehouses, tank fields and other workplaces.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (XLIV) Changes in Significant Accounting Policies and Accounting Estimates

##### 1. Changes in accounting policies

The content and the reasons of the changes in accounting policies	Approval procedure	Remark
The Company has implemented the Interpretation No. 15 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021 from 1 January 2022.	Approval at the twenty-first meeting of the eighth session of the board of directors	(1)
The Company adopted the provisions of “Accounting treatment of income tax effects of interests related to financial instruments classified as equity instruments of the issuer” and “Accounting treatment for the change from cash-settled share-based payments to equity-settled share-based payments of a company” set out in Interpretation No.16 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2022 from 13 December 2022.	Approval at the twenty-sixth meeting of the eighth session of the board of directors	(2)
The Company adopted the “Accounting treatment of no waiver of initial recognition of deferred income tax related to assets and liabilities arising from a single transaction” set out in Interpretation No.16 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2022 from 1 January 2023.		



## NOTE TO FINANCIAL STATEMENTS *(Continued)*

### III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

#### (XLIV) **Changes in Significant Accounting Policies and Accounting Estimates** *(Continued)*

##### 1. **Changes in accounting policies** *(Continued)*

- (1) *The impact of the implementation of Interpretation No.15 of Accounting Standards for Business Enterprises on the Company*

On 31 December 2021, the Ministry of Finance issued the Interpretation No. 15 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35, hereinafter referred to as “Interpretation No. 15”), which came into effect on the date of promulgation. Interpretation No. 15 regulates the accounting treatment regarding “external sales of products or by-products produced by a company before fixed assets are ready for intended use or during the R&D process” and “Judgement on onerous contracts”. On January 1, 2022, the Company adopted Interpretation No. 15, which has no effect on the financial statements for the comparable period.

- (2) *The impact of the implementation of Interpretation No.16 of Accounting Standards for Business Enterprises on the Company*

On 13 December 2022, the Ministry of Finance issued the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31, hereinafter referred to as “Interpretation No. 16”). Among the accounting treatments on three requirements under the Interpretation No. 16, in respect of the “Accounting treatment of no waiver of initial recognition of deferred income tax related to assets and liabilities arising from a single transaction”, which takes effect on 1 January 2023 and allows an enterprise to early adopt on the year of issue, the Company has not early adopted such accounting treatment this year; the “Accounting treatment of income tax effects of interests related to financial instruments classified as equity instruments of the issuer” and “Accounting treatment for the change from cash-settled share-based payments to equity-settled share-based payments of a company” take effect on the date of issue. On 13 December 2022, the Company adopted Interpretation No. 16, which has no effect on the financial statements for the comparable period.

##### 2. **Changes in accounting estimates**

There were no changes in significant accounting estimates during the reporting period.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### IV. TAXATION

#### (I) Major Categories of Taxes and Tax Rates of the Company

##### 1. Turnover tax and surcharges

Category of tax	Tax basis	Tax rate
Value added tax	Sale of goods, intangible assets or real estate	13.00%, 9.00%, 6.00%, 3.00%
Enterprise income tax	Income tax payable	15.00%, 20.00%, 25.00%, 16.50%
Consumption tax	Amount	RMB1.52/Litre
City maintenance and construction tax	Payment of the turnover tax	5.00%, 7.00%, 1.00%
Education surcharges	Payment of the turnover tax	3.00%
Local education surcharge	Payment of the turnover tax	2.00%
Water conservancy construction fund	Payment of the turnover tax	1.00%
Resource tax	Coal sales	ad valorem 9.00%, ad valorem 10.00%
Water tax	Dredge, drain and recycle (including recharge)	RMB2/m <sup>3</sup> , RMB5/m <sup>3</sup>
Environmental protection tax (air pollution)	Sewage equivalent	RMB2.4/equivalent of pollution
Farmland occupation tax	Farmland actually occupied	RMB25/m <sup>2</sup> , RMB22/m <sup>2</sup> , RMB27/m <sup>2</sup> , RMB37/m <sup>2</sup>



## NOTE TO FINANCIAL STATEMENTS (Continued)

### IV. TAXATION (Continued)

#### (I) Major Categories of Taxes and Tax Rates of the Company (Continued)

##### 2. Enterprise income tax

Details of income tax rates for different taxpayers are set out below:

Name of company	Tax rate	Remark
The Company	25.00%	
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	15.00%	
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	15.00%	Preferential tax treatment policy for the western development
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	15.00%	Preferential tax treatment policy for the western development
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	15.00%	Preferential tax treatment for hi-tech enterprises
Inner Mongolia Yitai Ningneng Fine Chemical Engineering Co. Ltd. (內蒙古伊泰寧能精細化工有限公司)	15.00%	Preferential tax treatment for hi-tech enterprises
Inner Mongolia Yuanji Chemical Co., Ltd. (內蒙古垣吉化工有限公司)	15.00%	Preferential tax treatment for hi-tech enterprises
Yitai Supply Chain Finance Services Co., Ltd. (伊泰供應鏈金融服務(深圳)有限公司)	15.00%	Preferential tax treatment for hi-tech enterprises
Yitai Chongqing Research Institute of Synthetic Materials Co., Ltd. (重慶伊泰鵬方合成新材料研究院有限公司)	20.00%	Preferential tax treatment policy for modern service industry cooperation zone
Inner Mongolia Anchuang Inspection and Testing Co., Ltd. (內蒙古安創檢驗檢測有限公司)	20.00%	Small Low-profit Enterprise
Shenzhen Taiyu Private Equity Fund Management Co., Ltd. (深圳泰譽私募股權基金管理有限公司)	20.00%	Small Low-profit Enterprise
Yitai Share (Hong Kong) Co., Ltd.	16.50%	Small Low-profit Enterprise
Other subsidiaries	25.00%	Overseas institutions

##### 3. Real estate tax

The tax rate of real estate tax is 1.20% based on 70.00% of the original value of real estate, or 12.00% based on rental income.

##### 4. Individual income tax

Staff's individual income tax shall be withheld and paid by the Company.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### IV. TAXATION (Continued)

#### (II) Policy and Basis for Preferential Tax Treatment

##### 1. Preferential tax treatment policy for the western development

According with the relevant requirements of the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development (Announcement [2020] No. 23 of State Taxation Administration), from 1 January 2021 to 31 December 2030, for enterprises in encouraged industries located in the western region, they will be levied enterprise income tax at 15%. The enterprises in encouraged industries referred to herein are the enterprises whose main business belongs to the scope of the Catalogue of Encouraged Industries in Western Region and whose main business income accounts for more than 60% of their total income. On 8 January 2021, the Catalogue of Encouraged Industries in Western Region (2020 Version) has been approved and promulgated by the State Council, and has taken effect from 1 March 2021. Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司) and Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司), the subsidiaries of the Company, belong to the encouraged industries in the Catalogue of Encouraged Industries in Western Region (2020 Version) (National Development and Reform Commission Order No. 40), and are levied enterprise income tax at 15.00% from 1 January 2021 to 31 December 2030.

##### 2. Preferential tax treatment policy for hi-tech enterprises

According to the relevant requirements of the Administrative Measures for the Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 32) and the Guidelines for the Administration of Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 195), it was announced that Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司) had been certified by relevant certification entities as a Hi-tech Enterprise for a term of 3 years (Certificate No.: GR202215000448). In accordance with the relevant regulations, Inner Mongolia Yitai Coal-to-Oil Co., Ltd. will be levied enterprise income tax at 15.00% within three years (2022-2024) after the certification of hi-tech enterprise in 2022. Accordingly, the enterprise income tax has been provided at 15% for the current period.

According to the relevant requirements of the Administrative Measures for the Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 32) and the Guidelines for the Administration of Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 195), it was announced that Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司) had been certified by relevant certification entities as a Hi-tech Enterprise for a term of 3 years (Certificate No.: GR202215000672). In accordance with the relevant regulations, Inner Mongolia Yitai Chemical Co., Ltd. will be levied enterprise income tax at 15.00% within three years (2022-2024) after the certification of hi-tech enterprise in 2022. Accordingly, the enterprise income tax has been provided at 15% for the current period.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### IV. TAXATION (Continued)

#### (II) Policy and Basis for Preferential Tax Treatment (Continued)

##### 2. Preferential tax treatment policy for hi-tech enterprises (Continued)

According to the relevant requirements of the Administrative Measures for the Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 32) and the Guidelines for the Administration of Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 195), the Department of Science and Technology of Inner Mongolia Autonomous Region (內蒙古自治區科學技術廳), the Finance Department of Inner Mongolia Autonomous Region (內蒙古自治區財政廳), the State Taxation Administration of Inner Mongolia Autonomous Region (內蒙古自治區國家稅務局) and the Local Taxation Bureau of Inner Mongolia Autonomous Region (內蒙古自治區地方稅務局) jointly issued the Certificate for Hi-tech Enterprise (《高新技術企業證書》) (Certificate No.: GR202115000119) to Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. (內蒙古伊泰寧能精細化工有限公司) and certified it as a Hi-tech Enterprise for a term of three years. In accordance with the relevant regulations, Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. will be levied enterprise income tax at 15.00% within three years (2021-2023) after the certification of hi-tech enterprise in 2021.

According to the relevant requirements of the Administrative Measures for the Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 32) and the Guidelines for the Administration of Hi-tech Enterprise Recognition (Guo Ke Fa Huo [2016] No. 195), the Department of Science and Technology of Inner Mongolia Autonomous Region (內蒙古自治區科學技術廳), the Finance Department of Inner Mongolia Autonomous Region (內蒙古自治區財政廳), the State Taxation Administration of Inner Mongolia Autonomous Region (內蒙古自治區國家稅務局) and the Local Taxation Bureau of Inner Mongolia Autonomous Region (內蒙古自治區地方稅務局) jointly issued the Certificate for Hi-tech Enterprise (《高新技術企業證書》) (Certificate No.: GR202015000411) to Inner Mongolia Yuanji Chemical Co., Ltd. (內蒙古垣吉化工有限公司) and certified it as a Hi-tech Enterprise for a term of three years. In accordance with the relevant regulations, Inner Mongolia Yuanji Chemical Co., Ltd. will be levied enterprise income tax at 15.00% within three years (2020-2022) after the certification of hi-tech enterprise in 2020, and the Company is applying for new hi-tech enterprise certificate.

##### 3. Preferential tax treatment policy for modern service industry cooperation zone

According to the relevant requirements of the Notice on Continuing the Preferential Policies of Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone, Shenzhen (Cai Shui [2021] No. 30), from 1 January 2021 to 31 December 2025, for qualified enterprises located in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone, they will be levied enterprise income tax at 15%. Companies shall meet the conditions of focusing on industrial projects as specified in the “Catalog of Enterprise Income Tax Preferences for Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021 Version)” to enjoy the preferential policies above and their main business income shall account for more than 70% of their total income. Yitai Supply Chain Finance Services Co., Ltd. (伊泰供應鏈金融服務(深圳)有限公司), a subsidiary of the Company, engages in the industry under the “Catalog of Enterprise Income Tax Preferences for Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021 Version)” and can be levied enterprise income tax at 15.00% from 2021 to 2025.

## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(The following amounts are all presented in Renminbi yuan unless otherwise stated, the end of a period, the beginning of a period and the end of last period refer to 31 December 2022, 1 January 2022 and 31 December 2021, respectively)

#### Note 1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	991,680.00	1,034,107.00
Deposits at banks	21,339,316,574.01	17,069,857,413.47
Other monetary funds	352,603,395.17	364,506,468.77
Total	21,692,911,649.18	17,435,397,989.24
Of which: Total amount deposited abroad	140,028,113.30	129,357,829.61
Of which: Total deposits with Financial Company	11,114,822,288.28	10,176,469,760.45

The breakdown of restricted monetary funds is as follows:

Item	Closing balance	Opening balance
Deposit of bank acceptance bills	122,512,385.59	240,277,137.62
Environmental protection deposit	16,972.28	17,114.04
Wage guarantee for workers	3,029,182.30	3,020,367.47
Special fund for mine geologic environment governance	226,057,833.17	121,191,849.64
Frozen bank deposits	968,671.47	—
Total	352,585,044.81	364,506,468.77

Note 1: According to the Notice on Issuance of the Administrative Measures for Mine Geologic Environment Governance and Restoration Fund in Inner Mongolia Autonomous Region (Trial) (Nei Zi Ran Zi Gui [2019] No. 3), the Company opened an account designated for the special fund for mine geologic environment governance, and made contributions to such fund according to the regulations. As at 31 December 2022, the closing balance of the special fund for mine geologic environment governance was RMB226,057,833.17.

Note 2: Among the bank deposits, the balance of deposits with Inner Mongolia Yitai Finance Company Limited amounted to RMB11,114,822,288.28.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 2. Trading financial assets

Item	Closing balance	Opening balance
Sub-total of financial assets at fair value through current profit or loss	<b>792,370,547.95</b>	
Structured financial deposits	<b>792,370,547.95</b>	
Total	<b>792,370,547.95</b>	

Explanation: trading financial assets are recorded as structured financial deposits at the end of the period.

#### Note 3. Notes receivable

##### 1. Classification of notes receivable

Item	Closing balance	Opening balance
Bank acceptance bills		1,800,000.00
Commercial acceptance bills		7,680,000.00
Total		9,480,000.00

##### 2. Presentation of expected credit loss on notes receivable

Category	Carrying balance		Opening balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Notes receivable that provided expected credit losses on single basis					
Notes receivable that provided expected credit losses on portfolio basis	<b>9,480,000.00</b>	<b>100.00</b>			<b>9,480,000.00</b>
Of which: Customers with extremely low credit risk	<b>9,480,000.00</b>	<b>100.00</b>			<b>9,480,000.00</b>
Total	<b>9,480,000.00</b>	<b>100.00</b>			<b>9,480,000.00</b>



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 3. Notes receivable (Continued)

3. No notes receivable that provided expected credit losses on single basis during the current period
4. Notes receivable with expected credit loss provided based on credit risk characteristic portfolio

Portfolio	Carrying balance	Opening balance Loss provision	Percentage (%)
Customers with extremely low credit risk	9,480,000.00		
Total	<u>9,480,000.00</u>	<u></u>	<u></u>

Explanation on basis for determination of such portfolio: Customers with good credit and frequent business relationship and amounts with extremely low credit risks after assessment.

5. No loss provision made, recovered or reversed during the current period
6. No actual write-off of notes receivable during the current period
7. Notes receivable pledged by the Company at the end of the period: Nil
8. Endorsed or discounted notes receivable that are not mature on balance sheet date at the end of the period: Nil
9. Notes that were transferred to accounts receivable by the Company at the end of the period because the drawer failed to perform contract: Nil



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 4. Accounts receivable

##### 1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	<b>1,051,172,488.84</b>	1,925,595,679.05
1 to 2 years	<b>476,216.37</b>	128,948,982.26
2 to 3 years	<b>15.00</b>	10,371,443.81
3 to 4 years	<b>2,008,894.00</b>	
4 to 5 years		110,000.00
Over 5 years	<b>20,074,988.90</b>	19,964,988.90
Sub-total	<b>1,073,732,603.11</b>	2,084,991,094.02
Less: Bad debts provision	<b>22,083,882.90</b>	22,083,882.90
Total	<b>1,051,648,720.21</b>	2,062,907,211.12

Note: The Company analysed and calculated the aging based on the actual occurrence date of each business transaction by adopting first-in-first-out method.

##### 2. Disclosure of accounts receivable by type

Type	Carrying balance		Closing balance Loss provision		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable that provided expected credit losses on single basis	22,083,882.90	2.06	22,083,882.90	100.00	
Accounts receivable that provided expected credit losses on portfolio basis	1,051,648,720.21	97.94			1,051,648,720.21
Of which: Customers with extremely low credit risk	1,051,648,720.21	97.94			1,051,648,720.21
Total	1,073,732,603.11	100.00	22,083,882.90	2.06	1,051,648,720.21

## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 4. Accounts receivable (Continued)

##### 2. Disclosure of accounts receivable by type (Continued)

Continued:

Type	Carrying balance		Opening balance		Carrying value
	Amount	Percentage (%)	Amount	Loss provision Percentage (%)	
Accounts receivable that provided expected credit losses on single basis	22,083,882.90	1.06	22,083,882.90	100.00	
Accounts receivable that provided expected credit losses on portfolio basis	2,062,907,211.12	98.94			2,062,907,211.12
Of which: Customers with extremely low credit risk	<u>2,062,907,211.12</u>	<u>98.94</u>			<u>2,062,907,211.12</u>
Total	<u>2,084,991,094.02</u>	<u>100.00</u>	<u>22,083,882.90</u>	<u>1.06</u>	<u>2,062,907,211.12</u>

Explanations on type of accounts receivable:

- (1) *Accounts receivable that provided expected credit losses on single basis included in the closing balance*

Name of entity	Carrying balance	Loss provision	Percentage	Reason
Inner Mongolia Talent Chemical Fertilizer Co., Ltd.	19,964,988.90	19,964,988.90	100.00	It is expected that all are unrecoverable in future
Wuhan Dongli Photovoltaic Electronic Co., Ltd.	2,008,894.00	2,008,894.00	100.00	It is expected that all are unrecoverable in future
Suzhou Thvow Technology Co., Ltd.	110,000.00	110,000.00	100.00	It is expected that all are unrecoverable in future
Total	<u>22,083,882.90</u>	<u>22,083,882.90</u>	<u>-</u>	<u>-</u>



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 4. Accounts receivable (Continued)

##### 2. Disclosure of accounts receivable by type (Continued)

(2) In the portfolio, accounts receivable with expected credit loss provided based on credit risk characteristic portfolio

Portfolio	Accounts receivable	Closing balance	
		Loss provision	Percentage (%)
Customers with extremely low credit risk	1,051,648,720.21		
Total	<u>1,051,648,720.21</u>	<u></u>	<u></u>

Continued:

Portfolio	Accounts receivable	Opening balance	
		Loss provision	Percentage (%)
Customers with extremely low credit risk	2,062,907,211.12		
Total	<u>2,062,907,211.12</u>	<u></u>	<u></u>

Explanation on basis for determination of such portfolio: Customers with good credit and frequent business relationship and amounts with extremely low credit risks after assessment.

##### 3. During the current period, bad debts provision made, recovered or reversed: Nil

## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 4. Accounts receivable (Continued)

4. **Accounts receivable actually write-off during the current period: Nil**
5. **Accounts receivable with top five closing balances collected as per the borrowers**

Name of entity	Closing balance	Proportion in total closing balance of accounts receivable (%)	Provision for bad debts
The largest	143,058,917.78	13.32	
The second largest	85,812,529.11	7.99	
The third largest	84,884,271.07	7.91	
The fourth largest	82,566,408.64	7.69	
The fifth largest	<u>81,974,213.54</u>	<u>7.63</u>	
Total	<u>478,296,340.14</u>	<u>44.54</u>	

6. **There were no accounts receivable that were derecognized due to the transfer of financial assets at the end of the period.**
7. **There were no assets or liabilities for which accounts receivable were transferred but involvement continued at the end of the period.**

#### Note 5. Receivables financing

1. **Classification of receivables financing**

Item	Closing balance	Opening balance
Bank acceptance bills with a high credit rating	<u>100,000.00</u>	<u>42,309,185.36</u>
Total	<u>100,000.00</u>	<u>42,309,185.36</u>



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 5. Receivables financing (Continued)

##### 2. Increase or decrease in receivables financing in current period and change in fair value

Item	Opening balance		Increase or decrease in current period		Closing balance	
	Cost	Change in fair value	Cost	Change in fair value	Cost	Change in fair value
Bank acceptance bills with a high credit rating	42,309,185.36		-42,209,185.36		100,000.00	
Total	<u>42,309,185.36</u>		<u>-42,209,185.36</u>		<u>100,000.00</u>	

The Company believes that the fair value of receivables financing measured at fair value through other comprehensive income approximates its carrying amount as the remaining term is shorter or shorter than a few months.

##### 3. The provision for bad debt

The Company is of the view that the bank acceptance bills it holds are with a high credit rating and there's no significant credit risk, thus no provision was made for provisions for impairment .

## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 5. Receivables financing (Continued)

4. **Endorsed or discounted receivables financing that are not mature on balance sheet date at the end of the period**

Item	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance bills	17,873,093.19	
Total	17,873,093.19	

#### Note 6. Prepayments

1. **Presentation of prepayments by aging**

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	526,121,221.86	86.84	721,403,457.64	89.36
1 to 2 years	41,513,782.96	6.85	48,206,203.46	5.97
2 to 3 years	20,199,622.88	3.33	35,071,567.90	4.34
Over 3 years	18,068,681.85	2.98	2,613,656.73	0.33
Total	605,903,309.55	100.00	807,294,885.73	100.00

Note: The Company analysed and calculated the aging based on the actual occurrence date of each business transaction by adopting first-in-first-out method.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 6. Prepayments (Continued)

##### 2. Notes to reasons of significant prepayments aged over one year and not settled in time

Name of entity	Closing balance	Aging	Reason
The largest	19,909,316.70	1-2 years	Demolition not yet complete
	14,486,144.58	2-3 years	
	18,061,911.41	Over 3 years	
The second largest	20,329,848.76	1-2 years	Service not yet available
The third largest	5,382,400.00	2-3 years	Service not yet available
Total	<u>78,169,621.45</u>		

##### 3. Prepayment with top five closing balance classified based on the receiver

Name of entity	Closing balance	Proportion of total prepayment (%)	Prepayment time	Reason
The largest	101,375,321.11	16.73	2022	Service not yet available
The second largest	18,061,911.41	2.98	2019	Demolition not yet complete
	14,486,144.58	2.39	2020	
	19,909,316.70	3.29	2021	
	41,387,843.00	6.83	2022	
The third largest	87,664,723.74	14.47	2022	Service not yet available
The fourth largest	58,339,637.00	9.63	2022	Demolition not yet complete
The fifth largest	32,756,467.41	5.41	2022	Service not yet available
Total	<u>373,981,364.95</u>	<u>61.73</u>		



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables

Item	Closing balance	Opening balance
Dividends receivable	900,000,000.00	120,000,000.00
Other receivables	182,764,083.65	935,567,693.48
Total	1,082,764,083.65	1,055,567,693.48

#### (I) Dividends receivable

##### 1. Dividends receivable

Investee	Closing balance	Opening balance
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤化有限責任公司)	900,000,000.00	120,000,000.00
Total	900,000,000.00	120,000,000.00

##### 2. Significant dividends receivable aged over one year as at the end of the current reporting period: nil

#### (II) Other receivables

##### 1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year	17,694,771.18	786,789,534.01
1 to 2 years	19,903,948.46	7,642,880.23
2 to 3 years	6,394,438.53	61,673,667.79
3 to 4 years	61,288,517.77	46,310,509.82
4 to 5 years	46,136,645.91	54,779,787.57
Over 5 years	45,636,731.70	100,000.00
Sub-total	197,055,053.55	957,296,379.42
Less: Bad debts provision	14,290,969.90	21,728,685.94
Total	182,764,083.65	935,567,693.48

Note: The Company analysed and calculated the aging based on the actual occurrence date of each business transaction by adopting first-in-first-out method.



## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 2. Disclosure of other receivables by type

Type	Carrying balance		Closing balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables that provided expected credit losses on single basis	17,557,127.11	8.91	14,290,969.90	81.40	3,166,157.21
Other receivables that provided expected credit losses on portfolio basis	179,497,926.44	91.09			179,597,926.44
Of which: Customers with extremely low credit risk	179,497,926.44	91.09			179,597,926.44
<b>Total</b>	<b>197,055,053.55</b>	<b>100.00</b>	<b>14,290,969.90</b>	<b>7.25</b>	<b>182,764,083.65</b>

Continued:

Type	Carrying balance		Opening balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables that provided expected credit losses on single basis	24,894,843.15	2.60	21,728,685.94	87.28	3,166,157.21
Other receivables that provided expected credit losses on portfolio basis	932,401,536.27	97.40			932,401,536.27
Of which: Customers with extremely low credit risk	932,401,536.27	97.40			932,401,536.27
<b>Total</b>	<b>957,296,379.42</b>	<b>100.00</b>	<b>21,728,685.94</b>	<b>2.27</b>	<b>935,567,693.48</b>

## NOTE TO FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 2. Disclosure of other receivables by type (Continued)

Explanations on type of other receivables:

- (1) Other receivables that provided expected credit losses on single basis included in the closing balance

Name of entity	Other receivables	Closing balance		Reason for provision
		Loss provision	Percentage (%)	
Inner Mongolia Tianhe Water Co., Ltd. (內蒙古天河水務有限公司)	7,228,579.20	7,128,579.20	98.62	Expected to be partially unrecoverable
Guodian Yitai Dongsheng Power Generation Co., Ltd. (國電伊泰東勝發電有限公司)	4,000,000.00	833,842.79	20.85	Expected to be partially unrecoverable
Jin Li (靳莉)	2,078,540.35	2,078,540.35	100.00	Expected to be unrecoverable
Finance Division, Department of Land and Resources of Inner Mongolia Autonomous Region (內蒙古自治區國土資源廳財務處)	1,292,830.00	1,292,830.00	100.00	Expected to be unrecoverable
Chen Youhua (陳有華)	870,970.00	870,970.00	100.00	Expected to be unrecoverable
Yang Xiaofeng (楊小鳳)	719,705.70	719,705.70	100.00	Expected to be unrecoverable
Shanghai Ordos Real Estate Management Co., Ltd. (上海鄂爾多斯置業經營管理有限公司)	192,980.20	192,980.20	100.00	Expected to be unrecoverable
Zhang Dingchen (張鼎臣)	160,540.00	160,540.00	100.00	Expected to be unrecoverable
Beijing Andu Electromechanical Equipment Company (北京安都機電設備有限公司)	37,530.00	37,530.00	100.00	Expected to be unrecoverable
Liu Zhaocheng (劉兆成)	32,900.00	32,900.00	100.00	Expected to be unrecoverable
Zhengzhou Nanrui Electric Co., Ltd. (鄭州南瑞電器有限公司)	7,586.21	7,586.21	100.00	Expected to be unrecoverable
Han Yuan (韓源)	300,000.00	300,000.00	100.00	Expected to be unrecoverable
Henan Bao Jing Steel Company Limited (河南寶瓊鋼鐵有限公司)	470,375.11	470,375.11	100.00	Expected to be unrecoverable
Shaanxi Gao Yuan Rail Equipment Company Limited (陝西高遠軌道裝備有限公司)	164,590.34	164,590.34	100.00	Expected to be unrecoverable
<b>Total</b>	<b>17,557,127.11</b>	<b>14,290,969.90</b>	<b>-</b>	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 2. Disclosure of other receivables by type (Continued)

- (2) In the portfolio, other receivables with expected credit loss provided based on credit risk characteristic portfolio

Portfolio	Other receivables	Closing balance Loss provision	Percentage (%)
Customers with extremely low credit risk	179,497,926.44		
Total	<u>179,497,926.44</u>	<u>                    </u>	<u>                    </u>

Continued:

Portfolio	Other receivables	Opening balance Loss provision	Percentage (%)
Customers with extremely low credit risk	932,401,536.27		
Total	<u>932,401,536.27</u>	<u>                    </u>	<u>                    </u>

Explanation on basis for determination of such portfolio: Customers with good credit and frequent business relationship and amounts with extremely low credit risks after assessment.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 3. Disclosure in three stages of impairment of financial assets

Item	Closing balance		Carrying value	Opening balance		
	Carrying balance	Provision for bad debts		Carrying balance	Provision for bad debts	Carrying value
Stage I	179,497,926.44		179,497,926.44	932,401,536.27		932,401,536.27
Stage II	17,557,127.11	14,290,969.90	3,266,157.21	16,522,161.66	13,356,004.45	3,166,157.21
Stage III				8,372,681.49	8,372,681.49	
Total	<u>197,055,053.55</u>	<u>14,290,969.90</u>	<u>182,764,083.65</u>	<u>957,296,379.42</u>	<u>21,728,685.94</u>	<u>935,567,693.48</u>

##### 4. Provision for losses of other receivables

Loss provision	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	
Opening balance		13,356,004.45	8,372,681.49	21,728,685.94
Opening balance transferred into Stage III during the period				
Provision during the period		934,965.45		934,965.45
Recovery or reversal during the period			1,346,847.48	1,346,847.48
Write-off during the period			7,025,834.01	7,025,834.01
Closing balance		<u>14,290,969.90</u>	<u>–</u>	<u>14,290,969.90</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables (Continued)

##### (II) Other receivables (Continued)

5. Loss provision made by the Company for other receivables during the current period was RMB934,965.45, and loss provision recovered and reversed was RMB1,346,847.48.

Name of entity	Amounts reversed or recovered	Approach of reversal or recovery	Note
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)	1,346,847.48	Bank deposit	
Total	<u>1,346,847.48</u>		

6. Other receivables written off during the period was RMB7,025,834.01.

Item	Written-off amount
Other receivables actually written off	<u>7,025,834.01</u>

Write-off of significant other receivables is as follows:

Name of entity	Nature of other receivables	Written-off amount	Reason	Write-off procedure performed	Whether generated by a connected transaction
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)	Current account	7,025,834.01	Bankruptcy and settlement	Approved by the management	Yes
Total		<u>7,025,834.01</u>			

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 7. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 7 Classification of other receivables by nature of amount

Item	Closing balance	Opening balance
Accounts related to transfer of assets	<b>366,706.47</b>	521,604,804.21
Current account	<b>34,715,318.71</b>	30,514,978.58
Security	<b>152,523,466.66</b>	397,827,791.91
Advance	<b>911,281.91</b>	336,922.29
Employee borrowing	<b>6,401,255.14</b>	6,159,387.21
Deposit	<b>100,103.70</b>	694,919.71
Others	<b>2,036,920.96</b>	157,575.51
<b>Total</b>	<b><u>197,055,053.55</u></b>	<b><u>957,296,379.42</u></b>

##### 8. Other receivables with top five closing balances collected as per the borrowers

Name of entity	Nature of	Closing balance	Aging	Proportion to closing balance of other receivables (%)	Closing balance of amounts bad debts provision
The largest	Security	12,779,255.00	1-2 years	6.49	
		28,994,835.00	3-4 years	14.71	
		30,476,055.00	4-5 years	15.47	
		31,810,875.00	Above 5 years	16.14	
The second largest	Security	30,280,000.00	3-4 years	15.37	
The third largest	Security	15,000,000.00	4-5 years	7.61	
The fourth largest	Current account	7,128,579.20	Above 5 years	3.62	7,128,579.20
		100,000.00	Above 5 years	0.05	
The fifth largest	Current account	<u>6,900,000.00</u>	Within 1 year	<u>3.50</u>	
<b>Total</b>		<b><u>163,469,599.20</u></b>		<b><u>82.96</u></b>	<b>7,128,579.20</b>

9. There were no accounts receivable related to government subsidy at the end of the period.

10. There were no other receivables that were derecognised due to the transfer of financial assets at the end of the period.

11. There were no assets or liabilities for which other receivables were transferred but involvement continued at the end of the period.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 8. Inventories

##### 1. Classification of Inventories

Item	Carrying balance	Closing balance		Opening balance		
		Provision for decline in value of inventories	Carrying value	Carrying balance	Provision for decline in value of inventories	Carrying value
Finished goods	739,984,185.20	14,316,245.37	725,667,939.83	1,053,410,736.39	9,654,412.60	1,043,756,323.79
Raw materials	615,641,870.75	62,419,887.01	553,221,983.74	581,473,182.87	57,504,709.11	523,968,473.76
Low-value consumables				100,790.79		100,790.79
Total	<u>1,355,626,055.95</u>	<u>76,736,132.38</u>	<u>1,278,889,923.57</u>	<u>1,634,984,710.05</u>	<u>67,159,121.71</u>	<u>1,567,825,588.34</u>

##### 2. Provision for decline in value of inventories

Type of inventories	Opening balance	Increase in the current period		Decrease in the current period			Closing balance
		Provision	Others	Reversal	Write-off	Others	
Finished goods	9,654,412.60	13,007,665.86			8,345,833.09		14,316,245.37
Raw materials	57,504,709.11	7,462,149.60			2,546,971.70		62,419,887.01
Total	<u>67,159,121.71</u>	<u>20,469,815.46</u>			<u>10,892,804.79</u>		<u>76,736,132.38</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	<b>188,508,259.96</b>	
Total	<b>188,508,259.96</b>	

#### Note 10. Other current assets

Item	Closing balance	Opening balance
Input VAT to be deducted	<b>111,283,475.18</b>	667,492,330.20
Enterprise income tax prepaid	<b>430,598,794.97</b>	7,843,334.59
Short-term debt investments	<b>600,220,931.51</b>	700,296,284.60
Total	<b>1,142,103,201.66</b>	1,375,631,949.39

#### Note 11. Long-term receivables

Nature of amount	Closing balance			Opening balance			Range of discount rate
	Carrying balance	Provision for bad debts	Carrying value	Carrying balance	Provision for bad debts	Carrying value	
Transferred material and assets received by installment	578,312,767.32		578,312,767.32				4.85%
Less: long-term receivables due within one year	<b>188,508,259.96</b>		<b>188,508,259.96</b>				
Total	<b>389,804,507.36</b>		<b>389,804,507.36</b>				

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 12. Long-term equity investment

Investee	Opening balance	Added investment	Decrease in investment	Increase/decrease in the current period				Closing balance	Closing balance of impairment provisions
				Investment profits and losses recognised under equity method	Adjustment to other comprehensive income	Other changes in equity	Distribution of cash dividend or profit declared		
<b>I. Joint Ventures</b>									
Ordos Yitai Water Co., Ltd. (鄂爾多斯市永茂供水有限公司)	53,239,916.03			-395,983.06				52,843,934.97	
Shanghai Jitai Petrochemical Technology Co., Ltd. (上海聖泰石化科技有限公司)	2,982,370.47							2,982,370.47	
Inner Mongolia Yitai Galu Mining Co., Ltd. (內蒙古伊泰盟國礦業有限公司)	472,956,253.46			3,009.21				472,959,262.67	
Tianjin Yuanfeng Rongkang Venture Investment Center (Limited Partnership) (天津源峰康創業投資中心(有限合伙))	131,800,983.63	21,700,000.00		-295,325.50				153,205,658.13	
Inner Mongolia Dadi Xingxin Film Company Limited (內蒙古大地雄心影業有限公司)	10,000,000.00							10,000,000.00	
Sub-total	660,979,525.59	31,700,000.00		-688,299.35				691,991,226.24	
<b>II. Associates</b>									
Inner Mongolia Yitai Tongda Coal Co., Ltd. (內蒙古伊泰同達煤炭有限公司)	257,662,056.44			207,026,077.12		6,064,083.79	-222,000,000.00	248,752,217.35	
Inner Mongolia Yitai Finance Co., Ltd. (內蒙古伊泰財源有限公司)	577,019,812.74			117,208,715.43			-68,000,000.00	626,228,528.17	
Inner Mongolia Jingdai Power Generation Co., Ltd. (內蒙古京泰發電有限公司)	567,330,530.77	81,849,600.00		78,209,169.03		4,211.84	-2,805,582.13	724,587,929.51	
Chifeng Huayuan Liquor Factory Co., Ltd. (內蒙華遠酒業有限公司)	13,857,115.61			-1,008,639.81				12,848,475.80	

## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Note 12: Long-term equity investment (Continued)

Investee	Opening balance	Added investment	Decrease in investment	Investment profits and losses recognised under equity method	Increase/decrease in the current period				Closing balance
					Adjustment to other comprehensive income	Other changes in equity	Distribution of cash dividend or profit declared	Provision for impairment	
Oros Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤田滅火工程有限責任公司)			-31,500,000.00					31,500,000.00	
Oros Tiandi Huanun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤礦裝備有限責任公司)									
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰聯謀化有限責任公司)	8,075,561,397.92			612,484,434.47		-900,000,000.00		7,788,045,782.39	
Oros Gonggouyangia Storage and Transportation Co. Ltd. (鄂爾多斯市公清聯儲運有限責任公司)	68,746,311.12			7,765,880.36		-6,080,000.00		70,432,191.48	
Shangshi Growth Acceleration (Hainan) Venture Capital Fund Partnership (Limited Partnership) (尚勢成長加速(海南)創業投資基金合夥企業(有限合夥))	29,684,840.48			-383,136.95				29,291,703.53	
Sub-total	9,569,862,015.08	81,849,600.00	-31,500,000.00	1,021,292,499.65	6,068,295.63	-1,198,865,582.13		9,500,166,828.23	
Total	10,250,841,540.67	113,549,600.00	-31,500,000.00	1,020,604,200.30	6,068,295.63	-1,198,865,582.13		10,192,178,054.47	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 13. Investments in other equity instruments

##### 1. Presentation of other equity instruments by item

Item	Closing balance	Opening balance
Ordos Nanbu Railway Co., Ltd. (鄂爾多斯市南部鐵路有限責任公司)	573,000,000.00	491,000,000.00
Mengji Railway Co., Ltd.	2,159,000,000.00	1,661,000,000.00
Haoji Railway Co., Ltd. (浩吉鐵路股份有限公司)	1,010,000,000.00	1,025,000,000.00
Qinhuangdao Port H Share (秦皇島港H股)	18,512,279.34	19,586,736.29
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	26,000,000.00	32,000,000.00
Xin Baoshen Railway Co., Ltd. (新包神鐵路有限責任公司)	3,118,000,000.00	2,892,000,000.00
Zhunshuo Railway Co., Ltd. (准朔鐵路有限責任公司)	1,684,000,000.00	1,630,000,000.00
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	12,000,000.00	12,000,000.00
Industrial and Commercial Bank of China Limited	102,730,000.00	104,130,000.00
Total	8,703,242,279.34	7,866,716,736.29

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 13. Investments in other equity instruments (Continued)

##### 2. Non-transactional equity instrument investment during the current period:

Item	Reason for designating at fair value through other comprehensive income	Dividend income recognised for the current period	Accumulative profit	Accumulative loss	Amount of other comprehensive income transferred into retained earnings	Reason for other comprehensive income transferred into retained earnings
Ordos Nanbu Railway Co., Ltd. (鄂爾多斯市南部鐵路有限責任公司)	Non-transactional equity instrument investment		373,000,000.00			
Mengji Railway Co., Ltd.	Non-transactional equity instrument investment	140,377,300.08		541,045,000.00		
Haoji Railway Co., Ltd. (浩吉鐵路股份有限公司)	Non-transactional equity instrument investment			187,000,000.00		
Qinhuangdao Port H Share (秦皇島港H股)	Non-transactional equity instrument investment	1,064,728.00		60,725,630.73		
Tangshan Caofeidian Coal Port Co., Ltd. (唐山曹妃甸煤炭港務有限公司)	Non-transactional equity instrument investment			46,000,000.00		
Xin Baoshen Railway Co., Ltd. (新包神鐵路有限責任公司)	Non-transactional equity instrument investment		2,585,200,000.00			
Zhunshuo Railway Co., Ltd. (准朔鐵路有限責任公司)	Non-transactional equity instrument investment		818,713,000.00			
China National Coal Exchange Co., Ltd. (全國煤炭交易中心有限公司)	Non-transactional equity instrument investment					
Industrial and Commercial Bank of China Limited	Non-transactional equity instrument investment	4,200,000.00	2,730,000.00			
<b>Total</b>		<b>145,642,028.08</b>	<b>3,779,643,000.00</b>	<b>834,770,630.73</b>		



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 14. Other non-current financial assets

Item	Closing balance	Opening balance
Sub-total of non-current financial assets at fair value through current profit or loss	<b>1,769,005,603.86</b>	1,665,376,554.35
Transactional equity instrument investment	<b>213,959,858.69</b>	175,886,726.31
Fund investment	<b>1,555,045,745.17</b>	1,489,489,828.04
Total	<b><u>1,769,005,603.86</u></b>	<b><u>1,665,376,554.35</u></b>

#### Note 15. Investment properties

##### 1. Investment properties

Item	Houses and buildings	Total
I. Original carrying amount		
1. Opening balance	1,075,892,957.11	1,075,892,957.11
2. Addition during the period	13,024,747.58	13,024,747.58
Transfer from fixed assets	13,024,747.58	13,024,747.58
3. Decrease during the period	407,181,878.85	407,181,878.85
Transfer to fixed assets	407,181,878.85	407,181,878.85
4. Closing balance	681,735,825.84	681,735,825.84
II. Accumulated depreciation (amortisation)		
1. Opening balance	374,518,183.67	374,518,183.67
2. Addition during the period	49,701,514.29	49,701,514.29
Provision or amortisation	40,994,530.73	40,994,530.73
Transfer from fixed assets	8,706,983.56	8,706,983.56
3. Decrease during the period	139,838,871.67	139,838,871.67
Transfer to fixed assets	139,838,871.67	139,838,871.67
4. Closing balance	284,380,826.29	284,380,826.29
III. Impairment provision		
1. Opening balance		
2. Addition during the period		
3. Decrease during the period		
4. Closing balance		
IV. Carrying value		
1. At the end of the period	397,354,999.55	397,354,999.55
2. At the beginning of the period	<b><u>701,374,773.44</u></b>	<b><u>701,374,773.44</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 15. Investment properties (Continued)

2. Investment properties with pending certificates of ownership: Nil

3. Rental income

Item	2022	2021
Rental income from investment properties	<u>22,119,782.95</u>	<u>24,094,928.28</u>

4. Maturity analysis of lease receipts

The undiscounted lease receipts to be received each year for the five consecutive accounting years after the balance sheet date and the total amount of undiscounted lease receipts to be received in the remaining years are analysed as follows:

As at 31 December 2022, the lease receipts of the Company by undiscounted contractual cash flows based on the remaining contractual term are presented as follows:

Unit (yuan)

Item	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years and above	Total
Future lease receipts	<u>19,170,904.85</u>	<u>12,728,100.77</u>	<u>5,124,895.55</u>	<u>4,801,597.56</u>	<u>4,336,389.76</u>	<u>2,087,387.17</u>	<u>48,249,275.66</u>

As at 31 December 2021, the lease receipts of the Company by undiscounted contractual cash flows based on the remaining contractual term are presented as follows:

Unit (yuan)

Item	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5 years and above	Total
Future lease receipts	<u>18,038,169.95</u>	<u>11,838,231.61</u>	<u>6,810,681.81</u>	<u>4,732,029.82</u>	<u>4,762,527.82</u>	<u>7,159,040.73</u>	<u>53,340,681.74</u>

#### Note 16. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	<u>27,524,206,694.01</u>	<u>29,367,375,927.88</u>
Total	<u>27,524,206,694.01</u>	<u>29,367,375,927.88</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 16. Fixed assets (Continued)

##### (1) Fixed assets

##### 1. Fixed assets

Item	Houses and buildings	Automobile	Mining structures	Road	Railway	Transportation equipment	Mechanical equipment	Other equipment	Total
<b>I. Original carrying amount</b>									
1. Opening balance	10,089,861,824.49	410,325,772.69	2,470,387,407.36	1,144,164,966.42	10,813,130,890.57	180,688,799.50	12,077,406,955.75	6,045,302,012.55	43,231,268,629.33
2. Addition during the period	927,406,826.01		74,900.00	13,488,667.14	59,520,753.66	26,028,503.69	799,058,426.68	94,540,956.67	1,920,119,033.85
Acquisition	164,612,192.13		74,900.00	1,210,761.87	247,051.96	15,555,155.97	87,412,016.73	55,810,780.38	324,922,859.04
Transfer from construction in progress	73,941,845.23						62,479,688.95	2,864,232.93	139,285,767.11
Transfer from investment properties	407,181,878.85								407,181,878.85
Other transfers-in	281,670,909.80			12,277,905.27	59,273,701.70	10,473,347.72	649,166,721.00	35,865,943.36	1,046,728,528.85
3. Decrease during the period	1,245,721,459.02	447,194.86	79,841,640.65	380,202.13	38,406,045.45	24,498,620.46	384,272,613.70	73,290,104.30	1,846,857,880.57
Disposal or scrapping	393,074,260.17	447,194.86	79,841,640.65	380,202.13	38,406,045.45	14,509,885.16	281,287,845.90	67,036,776.65	874,983,650.97
Transfer to investment properties	13,024,747.58								13,024,747.58
Other transfers-out	839,622,451.27					9,988,935.30	102,984,767.80	6,253,327.65	958,849,482.02
4. Closing balance	9,771,547,191.48	409,878,577.83	2,390,620,666.71	1,157,273,431.43	10,834,245,598.78	182,218,682.73	12,492,192,788.73	6,066,552,864.92	43,304,529,782.61



## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Note 16. Fixed assets (Continued)

#### (1) Fixed assets (Continued)

##### 1. Fixed assets (Continued)

Item	Houses and buildings	Automobile	Mining structures	Road	Railway	Transportation equipment	Mechanical equipment	Other equipment	Total
<b>II. Accumulated depreciation</b>									
1. Opening balance	2,678,386,159.38	353,593,909.95	575,608,947.65	458,936,680.88	2,843,823,221.54	152,844,159.11	4,440,593,940.99	1,600,838,255.92	13,104,635,275.42
2. Addition during the period	518,232,901.15	10,535,948.27	258,841,709.89	49,102,231.91	287,992,667.18	19,521,771.61	714,208,835.07	335,314,527.48	2,193,750,592.56
Provision	378,394,029.48	10,535,948.27	258,841,709.89	49,102,231.91	287,992,667.18	9,867,409.36	652,685,610.48	329,395,049.34	1,976,814,655.91
Transfer from investment properties	139,838,871.67								139,838,871.67
Other transfers-in						9,654,382.25	61,523,224.59	5,919,478.14	77,097,064.98
3. Decrease during the period	169,705,302.07	84,588.70	79,841,640.65	58,172.40	10,220,939.60	22,007,015.11	177,345,139.00	56,882,537.40	516,145,314.93
Disposal or scrapping	96,622,810.52	84,588.70	79,841,640.65	58,172.40	10,220,939.60	12,707,724.69	175,675,648.71	54,424,279.06	429,635,784.33
Transfer to investment properties	8,706,983.56								8,706,983.56
Other transfers-out	64,375,507.99					9,299,290.42	1,669,490.29	2,458,258.34	77,802,547.04
4. Closing balance	3,026,923,758.46	364,046,289.52	754,609,016.89	507,980,740.39	3,121,594,949.12	150,358,915.61	4,977,457,637.06	1,879,270,246.00	14,782,240,553.05

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 16. Fixed assets (Continued)

##### (1) Fixed assets (Continued)

##### 1. Fixed assets (Continued)

Item	Houses and buildings	Automobile	Mining structures	Road	Railway	Transportation equipment	Mechanical equipment	Other equipment	Total
<b>III. Impairment provision</b>									
1. Opening balance	616,974,140.04		34,934,092.00	2,575,566.81		100,792.12	97,815,844.50	6,856,990.56	759,257,426.03
2. Addition during the period	109,003,429.92			311,950.18		466,721.88	310,949,110.70	11,792,520.42	432,832,390.76
Provision	109,003,429.92			311,950.18		466,721.88	310,949,110.70	11,792,520.42	432,832,390.76
Other transfers-in									
3. Decrease during the period	192,221,738.36					70,205.01	1,511,345.94	223,991.93	194,027,281.24
Disposal and scrapping	192,221,738.36					70,205.01	1,511,345.94	223,991.93	194,027,281.24
4. Closing balance	533,755,831.60		34,934,092.00	2,887,516.99		497,308.99	407,253,609.26	18,425,519.05	993,082,535.55
<b>IV. Carrying value</b>									
1. At the end of the period	6,210,867,601.42	45,833,288.31	1,601,077,557.82	646,405,174.05	7,712,321,992.00	31,362,458.13	7,107,481,522.41	4,168,857,099.87	27,524,216,694.01
2. At the beginning of the period	6,794,491,525.07	56,731,862.74	1,859,844,367.71	682,652,718.73	7,993,307,669.03	27,743,848.27	7,538,997,170.26	4,437,606,766.07	29,367,375,927.88

Explanation 1: Other significant transfers-in and transfers-out in the current period was due to the asset split of Ningneng 0.5 million tonnes project and the Xiyngzi Dispatch and Transportation Station based on the project final report in the current period.

Explanation 2: The reduction or impairment in disposal or scrapping during the period was mainly due to the disposal and scrapping of assets of Xinjiang Energy.

Explanation 3: The significant amount of impairment provision during the period was mainly due to the provision for impairment loss on fixed assets of Coal-to-oil Company, Petrochemical Equipment and Yili Energy in the amount of RMB425,479,163.55, RMB6,469,689.57 and RMB903,537.64, respectively.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 16. Fixed assets (Continued)

##### (1) Fixed assets (Continued)

##### 2. Temporarily idle fixed assets at the end of the period

Item	Original carrying amount	Accumulated depreciation	Impairment provision	Carrying value
Mechanical equipment	77,908,281.56	44,093,600.15	7,480,490.73	26,334,190.68
Other equipment	<u>89,492.74</u>	<u>44,056.38</u>	<u>41,932.76</u>	<u>3,503.60</u>
Total	<u>77,997,774.30</u>	<u>44,137,656.53</u>	<u>7,522,423.49</u>	<u>26,337,694.28</u>

##### 3. No fixed assets leased out under leases at the end of the period

##### 4. Fixed assets with pending certificates of ownership at the end of the period

Item	Carrying amount	Reason for pending certificates of ownership
Houses and buildings	<u>718,043,727.97</u>	Still under processing
Total	<u>718,043,727.97</u>	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 17. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	4,784,149,229.00	8,768,494,593.70
Construction materials	1,718,254,755.04	1,644,099,730.04
Total	<u>6,502,403,984.04</u>	<u>10,412,594,323.74</u>

#### (1) Construction in progress

##### 1. Construction in progress

Item	Carrying balance	Closing balance Impairment provision	Carrying value
Construction in progress	7,587,502,318.66	2,803,353,089.66	4,784,149,229.00
Total	<u>7,587,502,318.66</u>	<u>2,803,353,089.66</u>	<u>4,784,149,229.00</u>

Continued:

Item	Carrying balance	Opening balance Impairment provision	Carrying value
Construction in progress	12,459,215,126.95	3,690,720,533.25	8,768,494,593.70
Total	<u>12,459,215,126.95</u>	<u>3,690,720,533.25</u>	<u>8,768,494,593.70</u>

Explanation 1: The reduction of RMB3,690,402,169.62 in the impairment provision of construction in progress of Xinjiang Energy was due to the disposal and scrapping of assets of Xinjiang Energy-2 million tonnes coal-to-oil project, and the write-off of impairment provision upon deregistration of company.

Explanation 2: The provision for impairment loss on construction in progress of Yili Energy of RMB2,802,731,124.82 for current period.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 17. Construction in progress (Continued)

##### (1) Construction in progress (Continued)

##### 2. Movements of major construction projects in progress during the period

Name of project	Opening balance	Addition during the period	Transfer to fixed assets/intangible assets during the period	Other decreases during the period	Closing balance
Yili Energy-1 million tonnes coal-to-oil project	5,257,481,049.14	17,234,785.98		429,665,659.19	<b>4,845,050,175.93</b>
Xinjiang Energy-2 million tonnes coal-to-oil project	4,692,931,519.82	404,246,063.35		5,097,177,583.17	
Yili Mining- Auxiliary mining project	894,103,838.23	120,725,195.64			<b>1,014,829,033.87</b>
Coal-to-oil-2 million tonnes indirect coal-to-liquids conversion project	840,518,668.92	6,649,426.21			<b>847,168,095.13</b>
Dama railway	563,720,724.48			3,404.01	<b>563,717,320.47</b>
Other projects	<u>210,459,326.36</u>	<u>300,403,821.25</u>	<u>140,264,184.89</u>	<u>53,861,269.46</u>	<u><b>316,737,693.26</b></u>
Total	<u>12,459,215,126.95</u>	<u>849,259,292.43</u>	<u>140,264,184.89</u>	<u>5,580,707,915.83</u>	<u><b>7,587,502,318.66</b></u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 17. Construction in progress (Continued)

##### (1) Construction in progress (Continued)

##### 2. Movements of major construction projects in progress during the period (Continued)

Continued:

Name of project	Budget (RMB ten thousand)	Investment percentage to budget (%)	Project progress (%)	Accumulated amount of interest capitalised	Of which: Amount of interest capitalised during the period	Interest capitalisation rate of the period (%)	Source of the fund
Yili Energy-1 million tonnes coal-to-oil project	1,606,800.00	40.90	40.90	1,540,191,022.16			Loan, others
Xinjiang Energy-2 million tonnes coal-to-oil project	3,200,788.91	20.08	20.08	1,403,590,607.74			Loan, others
Yili Mining- Auxiliary mining project	262,886.65	40.95	40.95	203,552,203.59			Loan, others
Coal-to-oil-2 million tonnes indirect coal-to-liquids conversion project	2,934,231.04	3.15	3.15	71,830,182.11			Loan, others
Dama railway	329,500.00	19.77	19.77				Self-owned fund
Other projects				61,578,109.92			Others
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,280,742,125.52</b>	<b>-</b>	<b>-</b>	<b>-</b>

Explanation 1: The proportion of project investment in the budget is calculated based on the proportion of the total expenditures incurred in the project to the budget. The project expenditures include fixed assets, intangible assets, and construction in progress.

Explanation 2: The other decrease during the period of Xinjiang Energy-2 million tonnes coal-to-oil project was due to disposal, scrapping, and the deregistration of company.

Explanation 3: The other decrease during the period of Yili Energy-1 million tonnes coal-to-oil project was due to the transfer to construction materials.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 17. Construction in progress (Continued)

##### (1) Construction in progress (Continued)

##### 3. Provision made for impairment of construction in progress during the current reporting period

Item	Provision made in the period	Reason for provision
Yili Energy-1 million tonnes coal-to-oil project	2,802,731,124.82	See explanation 1 below
Others	303,601.21	See explanation 2 below
Total	<u>2,803,034,726.03</u>	

Explanation 1: Impairment loss of RMB2,802,731,124.82 was provided in respect of the construction in progress of Yili Energy in the current period.

Explanation 2: Impairment loss of RMB287,927.93 and RMB15,673.28 was provided in respect of the construction in progress of Coal-to-oil Company and Petrochemical Equipment in the current period.

##### (2) Construction materials

Item	Closing balance	Opening balance
Construction materials	<b>659,082,226.50</b>	956,129,942.40
Equipment not yet installed	<b>1,059,172,528.54</b>	687,969,787.64
Total	<u><b>1,718,254,755.04</b></u>	<u>1,644,099,730.04</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 18. Right-of-use assets

Item	Houses and buildings	Total
<b>I. Original carrying amount</b>		
1. Opening balance	53,311,861.71	53,311,861.71
2. Addition during the period	2,890,212.01	2,890,212.01
Leasing	2,890,212.01	2,890,212.01
3. Decrease during the period		
4. Closing balance	56,202,073.72	56,202,073.72
<b>II. Accumulated depreciation</b>		
1. Opening balance	14,153,237.90	14,153,237.90
2. Addition during the period	7,914,444.87	7,914,444.87
Provision	7,914,444.87	7,914,444.87
3. Decrease during the period		
4. Closing balance	22,067,682.77	22,067,682.77
<b>III. Impairment provision</b>		
1. Opening balance		
2. Addition during the period		
3. Decrease during the period		
4. Closing balance		
<b>IV. Carrying value</b>		
1. At the end of the period	34,134,390.95	34,134,390.95
2. At the beginning of the period	<u>39,158,623.81</u>	<u>39,158,623.81</u>



## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Note 19: Intangible assets

#### 1. Intangible assets

Item	Land use rights	Resource assets	Proprietary technology	Software	Road use rights	Total
<b>I. Original carrying amount</b>						
1. Opening balance	2,806,245,253.20	2,106,290,522.94	368,918,027.47	142,022,437.76	213,842,927.52	5,637,319,168.89
2. Addition during the period	4,249,642.96	418,037,466.84	160,000.00	25,574,747.86		448,021,857.66
Acquisition	4,170,266.72	418,037,466.84	160,000.00	24,675,706.32		447,043,439.88
Transfer from construction in progress	79,376.24			899,041.54		978,417.78
3. Decrease during the period	410,059,156.88	735,000.00	1,424,043.26	588,811.97		412,807,012.11
Disposal and scrapping	410,059,156.88	735,000.00	1,424,043.26	588,811.97		412,807,012.11
4. Closing balance	2,400,435,739.28	2,523,592,989.78	367,653,984.21	167,008,373.65	213,842,927.52	5,672,534,014.44
<b>II. Accumulated amortisation</b>						
1. Opening balance	465,973,676.17	375,300,893.07	65,817,993.69	127,679,734.30	153,514,129.24	1,188,286,426.47
2. Addition during the period	49,691,136.71	77,211,226.23	25,114,879.60	10,179,301.62	4,700,945.32	166,897,489.48
Provision	49,691,136.71	77,211,226.23	25,114,879.60	10,179,301.62	4,700,945.32	166,897,489.48
3. Decrease during the period	46,203,277.92	403,793.07	204,246.90	588,811.97		47,400,129.86
Disposal and scrapping	46,203,277.92	403,793.07	204,246.90	588,811.97		47,400,129.86
4. Closing balance	469,461,534.96	452,108,326.23	90,728,626.39	137,270,223.95	158,215,074.56	1,307,783,786.09
<b>III. Impairment provision</b>						
1. Opening balance	45,952,861.89	892,788.00	327,496.33			47,173,146.22
2. Addition during the period		1,451,930.99		225.29		1,452,156.28
Provision		1,451,930.99		225.29		1,452,156.28
3. Decrease during the period			327,496.33			327,496.33
Disposal and scrapping			327,496.33			327,496.33
4. Closing balance	45,952,861.89	2,344,718.99		225.29		48,297,806.17
<b>IV. Carrying value</b>						
1. At the end of the period	1,885,021,342.43	2,069,139,944.56	276,925,357.82	29,737,924.41	55,627,852.96	4,316,452,422.18
2. At the beginning of the period	2,294,318,715.14	1,730,096,841.87	302,772,537.45	14,342,703.46	60,328,798.28	4,401,859,596.20

## NOTES TO THE FINANCIAL STATEMENTS (Continued)



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 19. Intangible assets (Continued)

##### 2. Land use rights with pending certificates of ownership at the end of the period

Item	Carrying value	Reason for pending certificates of ownership
Land use rights	<u>787,685,629.25</u>	Still under processing
Total	<u><u>787,685,629.25</u></u>	

#### Note 20. Long-term deferred expenses

Item	Opening balance	Increase during the period	Amortization during the period	Other decreases	Closing balance
Demolition compensation	1,864,363,845.48	773,283,906.78	590,100,909.22		2,047,546,843.04
Water rights fees	5,659,422.05	1,890,200.00	1,367,301.47		6,182,320.58
Others	<u>13,452,785.77</u>	<u>13,271,883.34</u>	<u>18,467,595.02</u>		<u>8,257,074.09</u>
Total	<u>1,883,476,053.30</u>	<u>788,445,990.12</u>	<u>609,935,805.71</u>		<u><u>2,061,986,237.71</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 21. Deferred income tax assets and deferred income tax liabilities

##### 1. Deferred income tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Commissioning profit	389,630,969.04	65,667,242.96	416,999,927.29	70,026,255.55
Provision for assets impairment	632,741,112.70	149,736,196.14	632,873,949.00	150,229,722.64
Deferred earnings and others	628,070,922.17	148,707,262.17	425,436,106.79	103,248,563.75
Ecological compensation	7,414,486.24	1,853,621.56	7,414,486.24	1,853,621.56
Unrealised profit of internal transaction	597,701,337.65	142,913,753.94	657,615,428.42	162,158,340.43
Deductible losses	1,738,135,996.14	263,472,995.33	2,649,401,563.02	400,413,863.16
Fair value changes	3,536,132.39	884,033.10	5,047,433.21	1,261,858.30
Instalment receivables for transfer of materials and assets	62,797,092.57	13,911,365.49		
Instalment payment for acquisition of mining rights	631,753.07	94,762.96		
Total	<u>4,060,659,801.97</u>	<u>787,241,233.65</u>	<u>4,794,788,893.97</u>	<u>889,192,225.39</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 21. Deferred income tax assets and deferred income tax liabilities (Continued)

##### 2. Deferred income tax liabilities

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Fair value changes	2,975,262,255.72	732,113,495.19	2,102,640,433.55	514,729,875.09
Accelerated depreciation of fixed assets	658,553,586.99	129,477,419.35	645,950,380.67	135,863,096.64
Commissioning loss	18,056,924.20	2,708,538.63	19,487,460.67	2,923,119.10
Undistributed gains of partnership	547,120,621.03	136,273,630.34	470,515,904.69	117,299,335.82
Instalment payment for acquisition of mining rights			2,312,835.25	346,925.29
Interest receivable for government bond reverse repurchase	220,931.51	55,232.88		
<b>Total</b>	<b>4,199,214,319.45</b>	<b>1,000,628,316.39</b>	<b>3,240,907,014.83</b>	<b>771,162,351.94</b>

##### 3. Breakdown of unrecognised deferred income tax assets

Item	Closing balance	Opening balance
Deferred earnings	18,955,000.02	52,658,499.98
Provision for assets impairment	3,330,103,303.86	3,975,248,847.05
Deductible loss	1,526,253,593.80	1,390,643,347.37
<b>Total</b>	<b>4,875,311,897.68</b>	<b>5,418,550,694.40</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 21. Deferred income tax assets and deferred income tax liabilities (Continued)

##### 4. Deductible loss of the unrecognised deferred income tax assets will be due in the following years

Item	Closing balance	Opening balance
2022		47,227,344.02
2023	<b>105,499,697.42</b>	107,516,437.07
2024	<b>79,738,380.87</b>	80,441,487.46
2025	<b>273,551,066.13</b>	447,724,945.67
2026	<b>359,764,186.53</b>	707,733,133.15
2027	<b>264,251,988.38</b>	
2028		
2029		
2030	<b>21,261,344.15</b>	
2031	<b>320,536,005.77</b>	
2032	<b>101,650,924.55</b>	
Total	<b>1,526,253,593.80</b>	<b>1,390,643,347.37</b>

#### Note 22. Other non-current assets

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Advanced road payment	40,212,861.00		40,212,861.00	40,212,861.00		40,212,861.00
Prepaid land grant premium	10,459,543.00		10,459,543.00	10,459,543.00		10,459,543.00
Charity biological assets	127,729,009.47		127,729,009.47	127,729,009.47		127,729,009.47
Input tax expected to be deducted over one year	1,278,546.38		1,278,546.38	464,135,892.89		464,135,892.89
External purchased technology package	521,148,141.87		521,148,141.87			
Other	3,094,402.20		3,094,402.20	11,000,000.00		11,000,000.00
Total	<b>703,922,503.92</b>		<b>703,922,503.92</b>	<b>653,537,306.36</b>		<b>653,537,306.36</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 23. Short-term borrowing

##### 1. Classification of short-term borrowings

Item	Closing balance	Opening balance
Secured borrowings		15,934,000.00
Guaranteed borrowings		14,066,000.00
Interest accrued but not due		29,241.65
Total		30,029,241.65

##### 2. The Company had no short-term borrowings that were overdue but not repaid at the end of the period.

#### Note 24. Notes payable

Type	Closing balance	Opening balance
Bank acceptance bills	1,942,699,133.00	240,214,007.46
Commercial acceptance bills	2,398,630,612.36	1,678,818,306.48
Total	4,341,329,745.36	1,919,032,313.94

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 25. Accounts payable

##### 1. Disclosure by aging

Item	Closing balance	Opening balance
Within 1 year	<b>3,083,826,421.91</b>	2,006,022,980.21
1 to 2 years	<b>54,920,390.87</b>	117,410,219.02
2 to 3 years	<b>57,273,920.02</b>	42,988,150.49
Over 3 years	<b>39,879,476.87</b>	26,553,448.46
Total	<b><u>3,235,900,209.67</u></b>	<b><u>2,192,974,798.18</u></b>

Note: The Company analysed and calculated the aging based on the actual occurrence date of each business transaction by adopting first-in-first-out method.

##### 2. Disclosure by nature of amount

Item	Closing balance	Opening balance
Coal purchasing payable	<b>1,116,575,784.32</b>	394,152,934.34
Materials and equipment payable	<b>831,969,531.97</b>	862,231,882.40
Mining and mining works payable	<b>863,264,441.44</b>	794,577,925.61
Freight payable	<b>201,075,864.93</b>	115,772,632.19
Maintenance fee payable	<b>91,984,761.15</b>	9,084,700.92
Others	<b>131,029,825.86</b>	17,154,722.72
Total	<b><u>3,235,900,209.67</u></b>	<b><u>2,192,974,798.18</u></b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 25. Accounts payable (Continued)

##### 3. Significant accounts payable with the aging over one year

Name of entity	Closing balance	Reason for outstanding or carry forward
The largest	25,603,491.56	Undue
The second largest	8,217,962.00	Undue
The third largest	7,793,403.85	Undue
The fourth largest	5,957,117.17	Undue
The fifth largest	3,209,164.36	Undue
Total	<u>50,781,138.94</u>	

#### Note 26. Advances

##### 1. Advances

Item	Closing balance	Opening balance
Advances of asset disposal	5,000,000.00	
Others	<u>2,889,896.34</u>	<u>5,623.52</u>
Total	<u>7,889,896.34</u>	<u>5,623.52</u>

##### 2. Significant advances with the aging over 1 year: Nil



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 27. Contract liabilities

##### 1. Contract liabilities

Item	Closing balance	Opening balance
Contract liabilities relating to sales contract	<u>885,584,982.32</u>	<u>768,311,985.85</u>
Total	<u>885,584,982.32</u>	<u>768,311,985.85</u>

##### 2. No significant changes in carrying value of contract liabilities during the current period

Explanation: The Company's sales contract usually constitutes a single performance obligation, which is an obligation to perform at a certain point in time. The Company recognises income when the customer obtains control of the relevant commodity. At 31 December 2022, the time on performance obligations under certain sales contract of the Company was later than the customer's payment time, thus forming a contract liability related to the sales contract.

#### Note 28. Employee benefits payable

##### 1. Presentation of employee benefits payable

Item	Opening balance	Addition during the period	Decrease during the period	Closing balance
Short-term remuneration	358,158,396.74	1,876,695,287.22	1,525,572,963.62	<b>709,280,720.34</b>
Post-employment – Defined contribution plan	9,418,781.06	137,419,916.41	135,760,889.64	<b>11,077,807.83</b>
Termination benefits		<u>3,798,237.32</u>	<u>3,798,237.32</u>	
Total	<u>367,577,177.80</u>	<u>2,017,913,440.95</u>	<u>1,665,132,090.58</u>	<b><u>720,358,528.17</u></b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 28. Employee benefits payable (Continued)

##### 2. Presentation of short-term remuneration

Item	Opening balance	Addition during the period	Decrease during the period	Closing balance
Salary, bonus, allowances and subsidies	340,986,674.19	1,671,850,617.60	1,329,996,280.86	<b>682,841,010.93</b>
Employee welfare		46,574,764.67	46,574,764.67	
Social insurance	3,763,865.70	54,804,770.38	53,967,839.18	<b>4,600,796.90</b>
Of which: Basic medical insurance	2,951,189.65	49,851,267.26	48,596,298.09	<b>4,206,158.82</b>
Work injury insurance	344,721.90	4,913,059.78	4,863,167.03	<b>394,614.65</b>
Maternity insurance	467,954.15	40,443.34	508,374.06	<b>23.43</b>
Housing fund	4,348,668.70	66,681,269.40	65,256,668.20	<b>5,773,269.90</b>
Union expenses and employees education expenses	9,059,188.15	36,783,865.17	29,777,410.71	<b>16,065,642.61</b>
Total	<u>358,158,396.74</u>	<u>1,876,695,287.22</u>	<u>1,525,572,963.62</u>	<u><b>709,280,720.34</b></u>

##### 3. Presentation of defined contribution plan

Item	Opening balance	Addition during the period	Decrease during the period	Closing balance
Basic retirement insurance	7,952,576.35	110,491,860.75	109,531,064.39	<b>8,913,372.71</b>
Unemployment insurance	247,890.71	3,462,050.70	3,431,702.29	<b>278,239.12</b>
Enterprise annuity payment	<u>1,218,314.00</u>	<u>23,466,004.96</u>	<u>22,798,122.96</u>	<u><b>1,886,196.00</b></u>
Total	<u>9,418,781.06</u>	<u>137,419,916.41</u>	<u>135,760,889.64</u>	<u><b>11,077,807.83</b></u>

Description of defined contribution plan: According to the Labor Law of the People's Republic of China, Enterprise Annuity Tentative Procedures, Interim Measures for the Administration of Enterprise Annuity Funds, based on the actual situation of the Company, Inner Mongolia Yitai Coal Co., Ltd. established an enterprise annuity plan on 1 January 2009. Its trustee is China Construction Bank Corporation, the account manager is Ping An Annuity Insurance Company of China, Ltd., and the custodian is Bank of China. The scope of the annuity plan is for employees who sign formal labor agreements with enterprises and participate in basic endowment insurance. The monthly contribution salary base of employees is RMB3,800.00, the enterprise contribution ratio is 10.00%, and the individual contribution ratio is 2.00%. As of 31 December 2022, there is no significant change in annuity plan.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 29. Taxes payable

Item of tax	Closing balance	Opening balance
Value-added tax	262,983,346.83	1,158,895,282.95
Enterprise income tax	256,446,615.88	1,699,662,548.11
Resources tax	641,041,897.11	838,636,022.81
Consumption tax	58,097,183.32	
City maintenance and construction tax	46,763,974.54	49,658,690.19
Withholding tax	8,764,771.35	1,401,965.56
Education surcharge	3,696,336.76	11,095,399.20
Individual income tax	15,707,321.25	7,774,731.53
Foundation for water works	1,248,499.50	4,804,802.49
Local education surcharge	2,464,224.51	7,396,932.82
Stamp duty	15,230,841.14	6,177,675.69
Soil and water conservation compensation	36,716,160.60	17,520,571.80
Water resources tax	6,719,249.00	1,440,115.00
Environmental tariff	575,173.92	760,953.12
Farmland occupation tax	95,069,793.00	2,391.68
Others	31,568,433.42	16,916,896.85
Total	<u>1,483,093,822.13</u>	<u>3,822,144,979.80</u>

#### Note 30. Other payables

Item	Closing balance	Opening balance
Dividends payable	583,314,572.00	864,000,000.00
Other payables	1,194,365,415.45	1,627,669,969.08
Total	<u>1,777,679,987.45</u>	<u>2,491,669,969.08</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 30. Other payables (Continued)

##### (I) Dividends payable

Item	Closing balance	Opening balance	Reason for nonpayment more than one year
Ordinary share dividends	<u>583,314,572.00</u>	<u>864,000,000.00</u>	
Total	<u>583,314,572.00</u>	<u>864,000,000.00</u>	

Explanation: The Company had no overdue but unpaid dividends at the end of the period.

##### (II) Other payables

###### 1. Other payables presented by nature of amount

Nature of amount	Closing balance	Opening balance
Payments of construction and installation engineering and equipment	<b>433,938,389.23</b>	690,170,862.86
Deposits and margins	<b>359,335,582.88</b>	414,048,059.51
Consideration of equity transfer	<b>14,045,634.87</b>	291,498,241.82
Demolition compensation	<b>161,496,500.38</b>	83,210,678.00
Others	<b>225,549,308.09</b>	148,742,126.89
Total	<u><b>1,194,365,415.45</b></u>	<u>1,627,669,969.08</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 30. Other payables (Continued)

##### (II) Other payables (Continued)

##### 2. Significant other payables aged over one year

Name of entity	Closing balance	Reason for outstanding or carry forward
The largest	103,000,000.00	Deposits
The second largest	47,467,082.00	Undue
The third largest	37,749,922.07	Undue
The fourth largest	35,000,000.00	Deposits
The fifth largest	20,493,284.77	Undue
Total	<u>243,710,288.84</u>	

#### Note 31. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	3,080,185,479.17	6,164,629,464.23
Bonds payable due within one year	9,754,312.50	62,416,666.67
Lease liabilities due within one year	5,353,030.65	7,057,637.12
Long-term payables due within one year	93,109,000.03	59,450,000.00
Total	<u>3,188,401,822.35</u>	<u>6,293,553,768.02</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 32. Other current liabilities

Item	Closing balance	Opening balance
Taxation to be written off	<u>112,892,668.49</u>	113,913,030.07
Total	<u>112,892,668.49</u>	<u>113,913,030.07</u>

#### Note 33. Long-term borrowings

##### 1. Classification of long-term borrowings

Type of borrowings	Closing balance	Opening balance
Guaranteed borrowings	<b>9,909,299,269.38</b>	12,471,358,397.06
Credit borrowings	<b>6,451,000,000.00</b>	12,962,000,000.00
Secured borrowings		15,000,000.00
Undue interest	<b>23,194,094.73</b>	35,761,653.03
Less: Long-term borrowings due within one year	<u><b>3,080,185,479.17</b></u>	<u>6,164,629,464.23</u>
Total	<u><b>13,303,307,884.94</b></u>	<u>19,319,490,585.86</u>

Explanation 1: The closing balance of the loan included in credit borrowings and obtained from the Finance Company was RMB4,434,000,000.00.

##### 2. Maturity analysis of long-term borrowings

Maturity	Closing balance	Opening balance
Within 1 year	<b>3,080,185,479.17</b>	6,164,629,464.23
1 to 2 years	<b>3,324,745,692.22</b>	4,702,867,811.20
2 to 5 years	<b>7,644,209,962.44</b>	10,772,122,774.66
Over 5 years	<u><b>2,334,352,230.28</b></u>	<u>3,844,500,000.00</u>
Total	<u><b>16,383,493,364.11</b></u>	<u>25,484,120,050.09</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 34. Bonds payable

##### 1. Type of bonds payable

Type of borrowings	Closing balance	Opening balance
Other bonds payable	<b>305,138,200.63</b>	2,448,817,239.00
Undue interests payable	<b>9,754,312.50</b>	62,416,666.67
Less: Bonds payable due within one year	<b>9,754,312.50</b>	62,416,666.67
Total	<b>305,138,200.63</b>	2,448,817,239.00

##### 2. Changes in bonds payable (excluding other financial instruments such as preference shares and perpetual bonds classified as financial liabilities)

Name of bonds	Par value	Date of issue	Term of bonds	Amount of issuance	Opening balance
19 Yitai 01	100.00	2019/04/02	5 years	500,000,000.00	489,700,632.91
19 Yitai 02	100.00	2019/07/02	5 years	1,000,000,000.00	980,197,616.36
19 Yitai 03	100.00	2019/07/22	5 years	1,000,000,000.00	978,918,989.73
Total	-	-	-	<b>2,500,000,000.00</b>	<b>2,448,817,239.00</b>

Continued:

Name of bonds	Amount of issuance in the period	Provision for interest at par value	Amortisation of premium or discount	Repayment in the period	Closing balance
19 Yitai 01		12,192,000.00	8,091,881.67	320,000,000.00	<b>177,792,514.58</b>
19 Yitai 02		22,123,400.00	18,148,069.69	871,000,000.00	<b>127,345,686.05</b>
19 Yitai 03		29,840,200.00	21,081,010.27	1,000,000,000.00	
Total		<b>64,155,600.00</b>	<b>47,320,961.63</b>	<b>2,191,000,000.00</b>	<b>305,138,200.63</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 34. Bonds payable (Continued)

##### 3. Maturity analysis of bonds payable

Maturity	Closing balance	Opening balance
Within 1 year	9,754,312.50	62,416,666.67
1 to 2 years	305,138,200.63	
2 to 5 years		2,448,817,239.00
Over 5 years		
Total	<u>314,892,513.13</u>	<u>2,511,233,905.67</u>

#### Note 35. Lease liabilities

Remaining lease term	Closing balance	Opening balance
Within 1 year	5,353,030.65	7,057,637.12
1 to 2 years	1,012,710.59	4,343,994.88
2 to 3 years		13,320.06
3 to 4 years		
4 to 5 years		
Over 5 years		
Sub-total of lease payment	<u>6,365,741.24</u>	<u>11,414,952.06</u>
Less: Unrecognised finance costs	<u>146,971.81</u>	<u>402,857.67</u>
Sub-total of present value of lease payment	<u>6,218,769.43</u>	<u>11,012,094.39</u>
Less: Lease liabilities due within one year	<u>5,353,030.65</u>	<u>7,057,637.12</u>
Total	<u>865,738.78</u>	<u>3,954,457.27</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 36. Long-term payables

##### 1. Classification of long-term payables

Nature of amount	Closing balance	Opening balance
Long-term borrowings from non-financial institutions	441,519,000.03	492,610,000.00
Instalment payment for acquisition of mining rights	917,940,000.00	473,280,000.00
Less: Unrecognised finance costs	274,693,816.53	155,124,162.58
Less: Long-term payables due within one year	93,109,000.03	59,450,000.00
Total	991,656,183.47	751,315,837.42

##### 2. Maturity analysis of long-term payables

Maturity	Closing balance	Opening balance
Within 1 year	93,109,000.03	59,450,000.00
1 to 2 years	91,590,000.00	62,840,000.00
2 to 5 years	274,770,000.00	173,520,000.00
Over 5 years	899,990,000.00	670,080,000.00
Total	1,359,459,000.03	965,890,000.00



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 37. Estimated liabilities

Item	Closing balance	Opening balance	Formation reason
Reclamation fee	<b>1,439,119,007.49</b>	1,439,369,439.63	Provision was made based on the estimation of the management
Total	<b><u>1,439,119,007.49</u></b>	<b><u>1,439,369,439.63</u></b>	

#### Note 38. Deferred income

Item	Opening balance	Addition during the period	Decrease during the period	Closing balance	Formation reason
Government subsidy related to assets	77,665,749.37	20,410,000.00	54,302,547.94	<b>43,773,201.43</b>	See the table 1 below
Government subsidy related to income	<u>5,561,102.76</u>		<u>5,336,394.76</u>	<b><u>224,708.00</u></b>	
Total	<b><u>83,226,852.13</u></b>	<b><u>20,410,000.00</u></b>	<b><u>59,638,942.70</u></b>	<b><u>43,997,909.43</u></b>	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 38. Deferred income (Continued)

##### 1. Deferred income related to government subsidy

Liability	Opening balance	New subsidy in the period	Amount included in other income in the period	Other changes	Closing balance	Relating to assets/relating to income
Hongyi Mine airtight cylinder coal storage warehouse project	1,080,000.00		180,000.00		900,000.00	Relating to assets
Intelligent coal seam mining project	424,999.94		50,000.04		374,999.90	Relating to assets
Development and application project of Yitai coal-related chemical big data technology	250,000.00		50,000.02		199,999.98	Relating to assets
Boiler flue gas desulfurisation project	5,500,000.00		400,000.00		5,100,000.00	Relating to assets
Fischer-Tropsch process water comprehensive utilisation project	3,785,000.00		265,000.00		3,520,000.00	Relating to assets
Waste steam power generation project	2,375,000.00		250,000.00		2,125,000.00	Relating to assets
High temperature slurry bed Fischer-Tropsch process project	475,000.00		50,000.00		425,000.00	Relating to assets
Support funds for concentrated brine zero-emission technological transformation project	4,418,750.00		232,500.00		4,186,250.00	Relating to assets
Large pressure vessel project with an annual capacity of 60,000 tonnes	1,120,000.00		1,120,000.00			Relating to assets
Comprehensive waste water zero-discharge project	475,000.00		25,000.00		450,000.00	Relating to assets
Ultra-low boiler flue gas emission project	399,750.00		20,500.00		379,250.00	Relating to assets
R&D funds for coal indirect liquefaction process	1,683,333.46		99,999.96		1,583,333.50	Relating to assets
The project of optimisation and renovation of overall water treatment and zero-discharge process	2,966,523.55		224,052.20		2,742,471.35	Relating to assets
The project of oil and gas recycling facilities for intermediate tankage units	2,015,740.76		77,777.76		1,937,963.00	Relating to assets
Subsidy from the Employment Bureau – New apprenticeship project	236,208.00		11,500.00		224,708.00	Relating to income
High-salt waste water treatment and resource utilisation project	238,151.66		14,217.96		223,933.70	Relating to assets
Unemployment insurance benefits and employment subsidy	5,324,894.76		5,324,894.76			Relating to income
Special funds for the development of key industries		1,570,000.00			1,570,000.00	Relating to assets
Infrastructure subsidy	50,458,500.00			50,458,500.00		Relating to assets
Xiyingsi Dispatching Station environmental protection renovation projects		18,840,000.00	785,000.00		18,055,000.00	Relating to assets
<b>Total</b>	<b>83,226,852.13</b>	<b>20,410,000.00</b>	<b>9,180,442.70</b>	<b>50,458,500.00</b>	<b>43,997,909.43</b>	

Note 1: There was no amount available for cost deduction for the current period.

Note 2: In other changes, there are no government subsidy return for the current period and the amount in current period is the non-operating income carried forward from deferred income due to deregistration of Xinjiang Energy.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 39. Share capital

Item	Opening balance	Issuance of new shares	Increase or decrease in the period			Sub-total	Closing balance
			Bonus share	Transfer of capital reserve to ordinary shares	Others		
<b>1. Shares subject to selling restrictions</b>							
(1) Other domestic shares	1,600,000,000.00						1,600,000,000.00
Including: Shares held by domestic legal person	1,600,000,000.00						1,600,000,000.00
Total shares subject to selling restrictions	1,600,000,000.00						1,600,000,000.00
<b>2. Shares not subject to selling restrictions</b>							
(1) Foreign shares listed domestically	1,328,000,000.00						1,328,000,000.00
(2) Foreign shares listed overseas	326,007,000.00						326,007,000.00
Total shares not subject to selling restrictions	<u>1,654,007,000.00</u>						<u>1,654,007,000.00</u>
<b>Total</b>	<u>3,254,007,000.00</u>						<u>3,254,007,000.00</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 40. Capital reserve

Item	Opening balance	Addition during the period	Decrease during the period	Closing balance
<b>1. Equity premium</b>				
(1) Capital contribution from investors	5,740,273,179.95	45,043.76	105,263,237.21	<b>5,635,054,986.50</b>
(2) Effect of business merger under common control	-3,092,292,572.13			<b>-3,092,292,572.13</b>
Sub-total	2,647,980,607.82	45,043.76	105,263,237.21	<b>2,542,762,414.37</b>
<b>2. Other capital reserve</b>				
(1) Other changes in owners' equity of the investee excluding net profit or loss	147,044,144.92			<b>147,044,144.92</b>
(2) Income tax effect of business merger under common control	1,272,657,415.75			<b>1,272,657,415.75</b>
(3) Amount carried forward due to disposal of subsidiaries	-5,275,596.20			<b>-5,275,596.20</b>
(4) Others	-592,501.92	6,068,295.62		<b>5,475,793.70</b>
Sub-total	1,413,833,462.55	6,068,295.62		<b>1,419,901,758.17</b>
Total	<u>4,061,814,070.37</u>	<u>6,113,339.38</u>	<u>105,263,237.21</u>	<u><b>3,962,664,172.54</b></u>

#### Explanations:

- In the current period, Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司) injected capital of RMB5.50 million to Ordos Dama Railway Co., Ltd. (鄂爾多斯大馬鐵路有限責任公司) ("Dama Railway") in cash. Upon completion of such capital increase, the shareholding of Dama Railway in Inner Mongolia Yitai Huzhun Railway Co., Ltd. was increased from 61.42% to 61.79%. As at 31 December 2022, such capital increase has been completed and the difference between the capital increase and the share of identifiable net assets that is determined to be entitled to Ordos Dama Railway Co., Ltd. on an ongoing basis from the date of combination is reduced by a capital reserve-equity premium of RMB18,075.26.
- In the current period, Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司) injected capital of RMB18.452 million to Yitai Yili Mining Co., Ltd. (伊泰伊犁礦業有限公司) ("Yili Mining") in cash. Upon completion of such capital increase, the shareholding of Inner Mongolia Yitai Coal Co., Ltd. in Yili Mining was changed from 90.27% to 90.20%. As at 31 December 2022, such capital increase has been completed and an upward adjustment of RMB45,043.76 was made to the capital reserve – equity premium for the difference between the amount for capital increase and the share of the identifiable net asset of Yitai Mining since the date of its establishment calculated based on the new acquired shareholding ratio.
- The Company acquired equity interest from minority shareholders of Inner Mongolia Yitai Coal-to-oil Co., Ltd. (內蒙古伊泰煤制油有限責任公司) ("Coal-to-oil Company"). Upon the completion of such equity transfer, the Company's shareholding ratio in Coal-to-oil Company was increased from 51.00% to 90.50%. As of 31 December 2022, the equity transfer has been completed and a downward adjustment of RMB105,245,161.95 was made to the capital reserve – equity premium for the difference between the purchase payment and the share of the identifiable net asset of Coal-to-oil Company since the date of its establishment calculated based on the new acquired shareholding ratio.
- RMB6,068,295.62 was recognized under the equity method in capital reserve – other capital reserve.



## V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Note 41. Other comprehensive income (Continued)

Item	Opening balance	Amount before income tax in the period	Less: Amount included in other comprehensive income in previous period and transferred to current profit	Less: Amount included in other comprehensive income in previous period and transferred to retained earnings	Less: Amount included in other comprehensive income in previous period and transferred to financial assets measured at amortised costs in the period	Amount in the period		Less: Carrying forward of changes in re-measurement of defined benefit plan net liabilities or net assets	Closing balance
						Less: Initial recognition amount of hedging reserve transferred to related assets or liabilities	Attributable to the parent company after tax		
4. Provision for credit impairment of other debt investments									
5. Cash flow hedging reserves									
6. Exchange differences on translation of foreign currency financial statements	-290,375.17	2,163,448.23							1,873,073.06
7. Income from package disposal of equity investments in subsidiaries before the loss of control							2,163,448.23		
8. Non-investment properties converted into investment properties measured with fair value model									
Total other comprehensive income	1,549,115,149.34	838,686,991.28			208,359,550.32	628,335,570.51	1,739,870.45		2,177,650,719.95

## NOTES TO THE FINANCIAL STATEMENTS (Continued)





## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 44. Undistributed profits

Item	Amount	Last period
Undistributed profits at the end of the previous period before adjustment	30,221,859,474.37	22,313,812,056.60
Total increase or decrease in undistributed profits at the beginning of the period subject to adjustment (increase represented by "+", and decrease represented by "-")		
Undistributed profits at the beginning of the period after adjustment	30,221,859,474.37	22,313,812,056.60
Add: Net profits attributable to owners of the parent company in the period	10,975,354,792.47	8,643,452,999.77
Less: Withdrawal for statutory surplus reserve		
Ordinary share dividends payable	3,026,226,510.00	735,405,582.00
Equity interests purchased from minority shareholders	34,909,948.69	
Undistributed profits at the end of the period	<u>38,136,077,808.15</u>	<u>30,221,859,474.37</u>

Explanation 1: Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司) purchased the minority equity of Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. (內蒙古伊泰寧能精細化工有限公司) in the period. Upon the completion of above equity transfer, Inner Mongolia Yitai Chemical Co., Ltd. will hold 100.00% of shares in Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. Retained earnings were written down by the differences between the purchase payment or the consideration paid and the share of net equity assets that should be enjoyed in accordance with the new shareholding ratio due to insufficient capital reserve. As of 31 December, 2022, such equity transfer has been completed and the Company made an adjustment of RMB34,909,948.69 to the undistributed profits in this regard in preparation of the consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 45. Operating income and operating cost

##### 1. Operating income and operating cost

Item	Amount in current period		Amount in previous period	
	Income	Cost	Income	Cost
Principal businesses	59,794,417,109.17	35,579,731,737.74	49,747,648,094.26	31,108,150,814.57
Other businesses	852,251,540.30	740,418,853.15	927,995,105.17	719,093,419.81
<b>Total</b>	<b>60,646,668,649.47</b>	<b>36,320,150,590.89</b>	<b>50,675,643,199.43</b>	<b>31,827,244,234.38</b>

##### 2. Information of income incurred from contracts

Type of contract	Amount in current period				Total
	Coal segment	Coal-related chemical segment	Transportation segment	Others	
<b>(1) Major operating regions</b>					
Northeast China	151,233,730.13	412,925,202.45			564,158,932.58
North China	12,422,721,782.95	2,345,648,843.34	542,421,009.21	22,232,021.28	15,333,023,656.78
East China	26,100,887,569.66	4,508,541,288.57	29,966,229.78		30,639,395,088.01
South China	6,573,554,751.52	829,320,361.00		112,500.00	7,402,987,612.52
Central China	12,428,323.68	1,225,096,072.63			1,237,524,396.31
Northwest China	4,310,176,114.99	1,024,059,301.02	683.94		5,334,236,099.95
Southwest China		135,342,863.32			135,342,863.32
Sub-total	49,571,002,272.93	10,480,933,932.33	572,387,922.93	22,344,521.28	60,646,668,649.47
<b>(2) Major product types</b>					
Coal	49,372,501,897.03				49,372,501,897.03
Chemical products		9,911,756,818.28			9,911,756,818.28
Freight			491,274,833.96		491,274,833.96
Others products disclosed in revenue from principal businesses		683,416.50	1,716,315.52	16,483,827.88	18,883,559.90
Others products disclosed in revenue from other businesses	198,500,375.90	568,493,697.55	79,396,773.45	5,860,693.40	852,251,540.30
Sub-total	49,571,002,272.93	10,480,933,932.33	572,387,922.93	22,344,521.28	60,646,668,649.47
<b>(3) Revenue recognition time</b>					
Transfer at a certain point in time	49,571,002,272.93	10,480,933,932.33	81,113,088.97	22,344,521.28	60,155,393,815.51
Transfer during a certain period of time			491,274,833.96		491,274,833.96

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 45. Operating income and operating cost (Continued)

##### 2. Information of income incurred from contracts (Continued)

continued:

Type of contract	Amount in previous period				Total
	Coal segment	Coal-related chemical segment	Transportation segment	Others	
<b>(1) Major operating regions</b>					
Northeast China	94,004,291.34	465,141,667.00	1,522,721.32		560,668,679.66
North China	12,224,918,093.79	2,531,686,839.03	636,280,396.02	31,898,299.12	15,424,783,627.96
East China	22,556,325,782.01	2,071,003,809.06	29,781,210.33		24,657,110,801.40
South China	5,693,271,973.48	286,380,538.10			5,979,652,511.58
Central China	136,387,380.28	761,634,946.59			898,022,326.87
Northwest China	1,798,324,275.22	1,247,350,575.18	2,818,913.13		3,048,493,763.53
Southwest China		106,864,318.60		47,169.83	106,911,488.43
Sub-total	42,503,231,796.12	7,470,062,693.56	670,403,240.80	31,945,468.95	50,675,643,199.43
<b>(2) Major product types</b>					
Coal	42,204,855,370.58				42,204,855,370.58
Chemical products		6,900,737,657.59			6,900,737,657.59
Freight			590,623,302.89		590,623,302.89
Others products disclosed in revenue from principal businesses		15,305,711.26	19,855,629.00	16,270,422.94	51,431,763.20
Others products disclosed in revenue from other businesses	298,376,425.54	554,019,324.71	59,924,308.91	15,675,046.01	927,995,105.17
Sub-total	42,503,231,796.12	7,470,062,693.56	670,403,240.80	31,945,468.95	50,675,643,199.43
<b>(3) Revenue recognition time</b>					
Transfer at a certain point in time	42,503,231,796.12	7,470,062,693.56	79,779,937.91	31,945,468.95	50,085,019,896.54
Transfer during a certain period of time			590,623,302.89		590,623,302.89



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 46. Taxes and surcharges

Item	Amount in current period	Amount in previous period
Resources tax	2,038,510,714.75	1,852,961,392.29
Consumption tax	293,399,092.48	
City construction tax	216,441,440.14	170,844,755.70
Education surcharge	119,681,257.46	95,740,984.28
Local education surcharge	79,787,505.05	63,814,831.52
Property tax	36,931,833.16	43,914,685.19
Land use tax	89,601,699.97	76,013,609.71
Stamp duty	56,357,599.93	48,472,006.90
Vehicle and vessel use tax	283,105.58	287,990.72
Water resources tax	40,551,758.35	7,546,913.16
Environmental tariff	9,612,056.95	14,594,425.04
Others	34,492,453.83	41,769,473.77
Total	<u>3,015,650,517.65</u>	<u>2,415,961,068.28</u>

Note 1: the consumption tax increased by RMB293,399,092.48 in the current period, which was because the consumption tax has been levied at RMB1.52 per liter since August 2022 as a result of the recognition of normal stable light hydrocarbons of the coal chemical segment as naphtha.

#### Note 47. Cost of sales

Item	Amount in current period	Amount in previous period
Payroll	187,010,214.17	123,958,873.31
Depreciation and amortisation	45,191,040.88	30,238,800.79
Operating expenses	8,806,581.54	8,256,363.63
Travel expenses	4,760,870.29	5,061,514.96
Leasing property management fee	686,474.12	1,017,007.07
Utilities	609,146.06	963,154.17
Maintenance fee	3,324,654.13	925,324.73
Others	22,834,078.08	34,255,554.03
Total	<u>273,223,059.27</u>	<u>204,676,592.69</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 48. Administrative expenses

Item	Amount in current period	Amount in previous period
Payroll	875,060,527.23	631,164,217.00
Depreciation and amortisation	227,796,219.00	257,893,829.18
Labor costs	49,319,418.80	56,881,356.87
Travel expenses	8,510,548.53	12,192,268.93
Operating expenses	64,337,726.13	91,401,108.32
Greening property management expenses	42,302,402.98	82,488,509.76
Office expenses	8,504,545.25	9,037,941.88
Audit and consulting fee	70,138,770.15	33,560,072.42
Maintenance fee	106,966,718.67	35,780,405.54
Insurance fee	14,430,912.74	14,132,451.39
Design fee	2,304,181.37	5,618,984.27
Technical service fee	87,673,531.17	48,516,185.15
Others	134,014,218.38	185,660,705.32
Total	<u>1,691,359,720.40</u>	<u>1,464,328,036.03</u>

Explanation: The amount of audit and consulting fee in current period included total audit fees for the 2021 annual report and internal control and for the 2022 interim report paid to Da Hua Certified Public Accountants of RMB4,292,452.83 (excluding tax) or RMB4,550,000.00 (including tax), and the rest was the payment of evaluation and other consulting fees to intermediary agencies by the Company. The amount of audit and consulting fee in previous period included total audit fees for the 2020 annual report and internal control and for the 2021 interim report paid to Da Hua Certified Public Accountants of RMB4,292,452.83 (excluding tax) or RMB4,550,000.00 (including tax), and the rest was the payment of evaluation and other consulting fees to intermediary agencies by the Company.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 49. R&D expenditure

Item	Amount in current period	Amount in previous period
Payroll	178,583,947.49	108,152,753.55
Materials consumption	289,520,742.30	173,906,897.55
Depreciation and amortisation	8,169,321.89	1,644,221.95
Technical service fee	4,288,659.37	
Others	60,780.63	191,946.64
Total	<u>480,623,451.68</u>	<u>283,895,819.69</u>

#### Note 50. Finance costs

Type	Amount in current period	Amount in previous period
Interest expenses	1,064,644,724.99	1,645,608,924.80
Less: Interest income	128,661,799.93	85,406,814.36
Exchange gain or loss	3,094,789.80	6,979,847.02
Commission charges	1,910,597.41	1,881,461.78
Total	<u>940,988,312.27</u>	<u>1,569,063,419.24</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 51. Other gains

##### 1. Breakdown of other gains

Item	Amount in current period	Amount in previous period
Government subsidy	215,588,822.48	73,646,056.19
Individual income tax handling fee refund	936,692.44	1,576,211.21
Additional deduction for input tax	187,144.40	375,122.73
Total	216,712,659.32	75,597,390.13

##### 2. Government subsidy included in other gains

Item	Amount in current period	Amount in previous period	Relating to assets/ relating to income
Hongyi Mine airtight cylinder coal storage warehouse project	180,000.00	180,000.00	Relating to assets
Intelligent coal seam mining project	50,000.04	50,000.04	Relating to assets
Development and application project of Yitai coal-related chemical big data technology	50,000.02	0.00	Relating to assets
Ultra-low boiler flue gas emission project	400,000.00	400,000.00	Relating to assets
Fischer-Tropsch process water comprehensive utilisation project	265,000.00	265,000.00	Relating to assets
Waste steam power generation project	250,000.00	250,000.00	Relating to assets
High temperature slurry bed Fischer-Tropsch process project	50,000.00	50,000.00	Relating to assets
Support funds for concentrated brine zero-emission technological transformation project	232,500.00	156,250.00	Relating to assets
Large pressure vessel project with an annual capacity of 60,000 tonnes	1,120,000.00	1,120,000.00	Relating to assets
Waste steam power generation project Relating	25,000.00	25,000.00	Relating to assets
Ultra-low boiler flue gas emission project	20,500.00	10,250.00	Relating to assets
R&D funds for coal indirect liquefaction process	99,999.96	99,999.96	Relating to assets
The project of optimisation and renovation of overall water treatment and zero-discharge process	224,052.20	164,806.92	Relating to assets



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 51. Other gains (Continued)

##### 2. Government subsidy included in other gains (Continued)

Item	Amount in current period	Amount in previous period	Relating to assets/ relating to income
The project of oil and gas recycling facilities for intermediate tankage units	77,777.76	77,777.76	Relating to assets
Subsidy from the Employment Bureau – New apprenticeship project	11,500.00		Relating to income
High-salt waste water treatment and resource utilisation project	14,217.96	11,848.34	Relating to assets
Unemployment insurance subsidy for job stabilisation of enterprises	11,272,824.73	15,327,930.22	Relating to income
Xiyingsi Dispatching Station environmental protection renovation projects	785,000.00		Relating to assets
Incentives for scientific research and innovation	452,000.00	7,668,000.00	Relating to income
High-tech Award	3,200,000.00	3,179,600.00	Relating to income
Special funds for financial support	156,172,481.25	15,090,196.00	Relating to income
Funds for financial support	39,092,768.56	21,297,567.83	Relating to income
Vocational training subsidy		268,166.04	Relating to income
Talent subsidy		10,400.00	Relating to income
Incentive funds for investment	1,500,000.00	6,840,000.00	Relating to income
Housing allowance		207,860.50	Relating to income
Government subsidy		40,320.00	Relating to income
R&D subsidy from Tianjin University		854.93	Relating to income
Subsidy for staff education expenses	43,200.00	540,000.00	Relating to income
Office rental subsidy		14,227.65	Relating to income
Demand-side power subsidy		300,000.00	Relating to income
Total	<b>215,588,822.48</b>	<b>73,646,056.19</b>	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 52. Gain on investment

##### 1. Breakdown of gain on investment

Item	Amount in current period	Amount in previous period
Investment gain on disposal of trading financial assets	8,169,149.96	-65,627,137.74
Gain on long-term equity investments under equity method	1,020,604,200.30	550,646,196.47
Investment income received during the period of ownership from investment in other equity instruments	145,642,028.08	199,652,932.06
Investment income from disposal of long-term equity investment		1,000,000.00
Investment income from disposal of subsidiaries	-268,780,100.86	
Investment income from disposal of trading financial assets	11,403,532.76	98,379,132.36
Gains from remeasurement of equity at fair value upon the control obtaining		2,842,370.86
Investment income received during the period of ownership from equity investments	1,225,038.01	296,284.60
Gains from de-recognition of financial assets measured at amortised costs	-15,664,150.02	
Total	<u>902,599,698.23</u>	<u>787,189,778.61</u>

#### Note 53. Gain on change in fair value

Source of gain on change in fair value	Amount in current period	Amount in previous period
Gain or loss on change in fair value of trading financial assets	116,039,209.70	3,543,662.39
Gain or loss on change in fair value of trading financial liabilities		2,034,720.00
Total	<u>116,039,209.70</u>	<u>5,578,382.39</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 54. Loss on asset impairment

Item	Amount in current period	Amount in previous period
Inventory depreciation loss	-20,469,815.46	-5,566,071.72
Impairment loss on fixed assets	-432,852,390.76	-180,304,175.61
Impairment loss on construction in progress	-2,803,034,726.03	-663,387,105.61
Impairment loss on intangible assets	-1,452,156.28	-42,058,973.67
Total	<u>-3,257,809,088.53</u>	<u>-891,316,326.61</u>

#### Note 55. Loss on credit impairment

Item	Amount in current period	Amount in previous period
Bad debt loss	<u>411,882.03</u>	-11,538,804.38
Total	<u>411,882.03</u>	<u>-11,538,804.38</u>

#### Note 56. Gain on disposal of assets

Item	Amount in current period	Amount in previous period
Gains or losses on disposal of fixed assets	-47,210,198.43	50,431,223.26
Gains or losses on disposal of intangible assets	238,922,610.15	2,592,625.99
Gains or losses on disposal of construction in progress	-201,481,540.29	216,342.62
Total	<u>-9,769,128.57</u>	<u>53,240,191.87</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 57. Non-operating income

Item	Amount in current year	Amount in previous year	Amount included in current non-recurring profit or loss
Total gains on disposal of non-current assets	<b>22,136,395.56</b>	5,865.51	22,136,395.56
Including: Gain on scrapping of fixed assets	<b>22,136,395.56</b>	5,865.51	22,136,395.56
Penalty and confiscatory income	<b>3,060,670.11</b>	4,944,750.17	3,060,670.11
Government subsidy not relating to daily activities	<b>50,458,500.00</b>		50,458,500.00
Compensation income from breach of contract		2,577,103.60	
Long outstanding income	<b>8,251,113.55</b>	24,852,484.43	8,251,113.55
Others	<b>46,775,778.19</b>	13,931,780.93	46,775,778.19
<b>Total</b>	<b>130,682,457.41</b>	<b>46,311,984.64</b>	<b>130,682,457.41</b>

Note 1: Among others, RMB34,078,963.48 was transferred back from the input tax that is available to Xinjiang Energy for tax refunds.

#### Note 58. Non-operating expenses

Item	Amount in current year	Amount in previous year	Amount included in current non-recurring profit or loss
Total losses on disposal of non-current assets	<b>431,685,710.97</b>	162,398,227.32	431,685,710.97
Including: Loss on scrapping of fixed assets	<b>62,466,190.69</b>	162,398,227.32	62,466,190.69
Loss on scrapping of intangible assets	<b>1,223,506.96</b>		1,223,506.96
Loss on scrapping of construction in progress	<b>367,996,013.32</b>		367,996,013.32
Expenditure on public welfare donations	<b>231,332,096.06</b>	53,356,008.55	231,332,096.06
Expenditure on penalties	<b>11,914,346.39</b>	8,285,301.10	11,914,346.39
Long outstanding expenses	<b>30,487,168.22</b>	1,160,363.50	30,487,168.22
Late tax payment fees	<b>6,547,060.23</b>	8,653,286.54	6,547,060.23
Non-deductible input tax		55,701,595.31	
Others	<b>11,793,848.76</b>	14,415,598.67	11,793,848.76
<b>Total</b>	<b>723,760,230.63</b>	<b>303,970,380.99</b>	<b>723,760,230.63</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 59. Income tax expenses

##### 1. Table of income tax expenses

Item	Amount in current year	Amount in previous year
Current income tax expenses	2,851,138,633.86	2,983,375,423.10
Deferred income tax expenses	123,057,405.87	-186,234,721.03
Total	<u>2,974,196,039.73</u>	<u>2,797,140,702.07</u>

##### 2. Adjustment of accounting profits and income tax expenses

Item	Amount in current year
Total profits	15,299,780,456.27
Income tax expenses calculated at statutory/applicable tax rates	3,824,945,114.07
Impact of different tax rates applied to subsidiaries	-486,322,493.83
Impact of adjustment of income tax of previous periods	1,777,658.70
Impact of income tax credit	-556,723.70
Impact of non-deductible costs, expenses and losses	116,569,454.61
Impact of utilising deductible temporary differences or deductible losses on deferred income tax assets unrecognised in previous periods	-1,095,651,887.28
Impact of deductible temporary differences or deductible losses on deferred income tax assets unrecognised in current period	977,615,926.33
Additional deduction for R&D expenditure	-77,368,624.53
Impact of non-taxable income	-285,896,001.16
Impact of tax rate movements	-916,383.48
Income tax expenses	<u>2,974,196,039.73</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 60. Notes to the cash flow statement

##### 1. Other cash receipts relating to operating activities

Item	Amount in current year	Amount in previous year
Interest income	128,660,782.19	85,406,814.36
Revolving fund, warranty premium and deposit	122,233,999.04	95,437,623.31
Government subsidy	69,115,409.12	48,458,365.58
Others	8,572,172.47	21,453,634.70
Total	328,582,362.82	250,756,437.95

##### 2. Other cash payments relating to operating activities

Item	Amount in current year	Amount in previous year
Revolving fund, quality guarantee deposit, warranty premium, etc.	426,819,209.14	209,778,910.29
Travel expenses	13,238,073.67	17,253,783.89
Operating expenses	72,952,644.27	99,657,471.95
Expenditure on public welfare donations	231,332,096.06	53,356,008.55
R&D expenditure	28,130.63	191,946.64
Others	373,446,280.58	286,797,326.83
Total	1,117,816,434.35	667,035,448.15

##### 3. Other cash receipts relating to investing activities

Item	Amount in current year	Amount in previous year
Futures deposits received	242,632,344.05	629,668,248.09
Cash received for acquisition of subsidiaries		27,502,797.15
Total	242,632,344.05	657,171,045.24



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 60. Notes to the cash flow statement (Continued)

##### 4. Other cash payments relating to investing activities

Item	Amount in current year	Amount in previous year
Futures deposits paid		734,955,800.00
Total		734,955,800.00

##### 5. Other cash payments relating to financing activities

Item	Amount in current year	Amount in previous year
Lease related payments	4,920,430.58	6,346,470.36
Acquisition of equities from the minority shareholders of Yitai Chemical		2,099,343,782.02
Acquisition of equities from the minority shareholders of Yitai Ningneng	78,262,653.00	
Acquisition of equities from the minority shareholders of Coal-to-oil Company	942,004,439.33	
Subsidiaries' liquidation payments for the remaining assets of other shareholders	98,000.00	
Total	1,025,285,522.91	2,105,690,252.38

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 61. Supplementary information of the cash flow statement

##### 1. Supplementary information of the cash flow statement

Item	Amount in current period	Amount in previous period
<b>1. Net profit adjusted to cash flow of operating activities</b>		
Net profit	12,325,584,416.54	9,874,425,542.71
Add: Provision for impairment of assets	3,257,397,206.50	902,855,130.99
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	2,025,723,631.51	1,902,242,491.63
Amortisation of intangible assets	166,897,489.48	171,548,913.16
Amortisation of long-term deferred expenses	609,935,805.71	638,860,267.25
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	9,769,128.57	-53,240,191.87
Losses from scrapping of fixed assets ("-" for gains)	409,549,315.41	162,392,361.81
Losses from changes in fair value ("-" for gains)	-116,039,209.70	-5,578,382.39
Finance costs ("-" for gains)	1,064,644,724.99	1,645,608,924.80
Investment losses ("-" for gains)	-902,599,698.23	-787,189,778.61
Decrease in deferred income tax assets ("-" for increase)	101,950,991.74	-171,609,472.83
Increase in deferred income tax liabilities ("-" for decrease)	21,106,414.13	-14,625,248.22
Decrease in inventories ("-" for increase)	279,358,654.10	-307,370,250.87
Decrease in operating receivables ("-" for increase)	1,261,132,645.89	-1,004,313,780.94
Increase in operating payables ("-" for decrease)	1,649,869,670.38	4,798,118,527.50
Others		
Net cash flow from operating activities	22,164,281,187.02	17,752,125,054.12
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents</b>		
Closing balance of cash	21,340,326,604.37	17,070,891,520.47
Less: Opening balance of cash	17,070,891,520.47	11,292,510,611.23
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	4,269,435,083.90	5,778,380,909.24

2. No payment of consideration for acquisition of subsidiaries in the current period

3. No disposal of subsidiaries in the current period



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 61. Supplementary information of the cash flow statement (Continued)

##### 4. Composition of cash and cash equivalents

Item	Closing balance	Opening balance
<b>I. Cash</b>	<b>21,340,326,604.37</b>	17,070,891,520.47
Of which: Treasury cash	<b>991,680.00</b>	1,034,107.00
Bank deposits that can be used for payment at any time	<b>21,339,316,574.01</b>	17,069,857,413.47
Other monetary funds that can be used for payment at any time	<b>18,350.36</b>	
<b>II. Cash equivalents</b>		
Of which: Wealth management products due within three months		
<b>III. Closing balance of cash and cash equivalents</b>	<b><u>21,340,326,604.37</u></b>	<b><u>17,070,891,520.47</u></b>

#### Note 62. The assets whose ownership or right-of-use is restricted

Item	Balance	Cause for the restriction
Monetary funds	352,585,044.81	For details of the bank acceptance bill deposit, environmental protection deposit, wage deposit for migrant workers, special fund for mine geologic environment governance and frozen bank deposits, please see Note 1 to this Note V.
Total	<u>352,585,044.81</u>	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Note 63. Monetary items in foreign currency

##### 1. Monetary items in foreign currency

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB converted
Monetary funds	—	—	—
Including: USD	9,217,181.47	6.9646	64,193,982.07
HKD	7,921,518.87	0.8933	7,076,292.81
Long-term borrowings (including those due within one year)	—	—	—
Including: KWD	<u>1,149,900.00</u>	<u>22.7520</u>	<u>26,162,524.80</u>

##### 2. Descriptions of foreign business entity

The subsidiary of the overseas operating entity included in the consolidated financial statements of the Company is Yitai Share (Hong Kong) Co., Ltd. (伊泰(股份)香港有限公司), which operates in Hong Kong, with USD as the recording currency. The exchange rate for main statements of the balance sheet is the spot exchange rate on the balance sheet date, that is, the exchange rate of USD on 31 December 2022: USD1 = RMB6.9646.

#### Note 64. Government grants

##### 1. Basic information of government grants

Type of government grants	Amount occurred for current period	Amount included in current profit or loss	Remark
Government grants included in deferred income	20,410,000.00	59,638,942.70	See Note 38 of this note for details.
Government grants included in other income	<u>206,408,379.78</u>	<u>206,408,379.78</u>	See Note 51 of this note for details.
Total	<u>226,818,379.78</u>	<u>266,047,322.48</u>	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VI. CHANGES IN THE SCOPE OF CONSOLIDATION

- (I) Business merger under different control: Nil
- (II) Business merger under common control in the current period: Nil
- (III) Counter purchase by the Company in the current period: Nil
- (IV) Disposal of subsidiaries by the Company in the current period: Nil
- (V) Changes in the scope of consolidation due to other reasons:

1. In April 2022, the Company established a holding subsidiary, Shenzhen Shangzhu Investment Partnership (Limited Partnership) (深圳尚竹投資合夥企業(有限合夥)), with registered capital of RMB102 million. On 19 April 2022, it obtained the Business License for Enterprise Legal Person (Unified Social Credit Code: 91440300MA5HA0U581) issued by Shenzhen Administration For Market Regulation. A controlled subsidiary was added to the scope of consolidation in the current period.
2. In December 2022, the Company established a wholly-owned subsidiary, Inner Mongolia Chengtai Construction Engineering Co., Ltd. (內蒙古承泰建設工程科技有限公司), which has a registered capital of RMB30 million. On 13 December 2021, it obtained the Business License for Enterprise Legal Person (Unified Social Credit Code: 91150691MAC5FF3721) issued by Market Supervision and Administration Bureau of Kangbashi District, Ordos. A wholly-owned subsidiary was added to the scope of consolidation in the current period.
3. In September 2022, the Company established a holding subsidiary, Inner Mongolia Yitai International Energy Trade Co., Ltd. (內蒙古伊泰國際能源貿易有限公司), which has a registered capital of RMB50 million. On 29 September 2022, it obtained the Business License for Enterprise Legal Person (Unified Social Credit Code: 91150824MABYK0MD3N) issued by Market Supervision and Administration Bureau of Urad Middle Banner. An additional holding subsidiary was included in the scope of consolidation in the current period.
4. During the current period, the Company completed the liquidation and deregistration of a wholly-owned subsidiary, Yitai Clean Oil Products (Beijing) Co., Ltd. (伊泰清潔油品(北京)有限公司). A wholly-owned subsidiary was removed from the scope of consolidation in the current period.
5. During the current period, the Company completed the liquidation and deregistration of a controlled subsidiary, Yitai Xinjiang Energy Co., Ltd. (伊泰新疆能源有限公司). A controlled subsidiary was removed from the scope of consolidation in the current period.
6. During the current period, the Company completed the liquidation and deregistration of a controlled subsidiary, Yitai Chongqing Research Institute of Synthetic Materials Co., Ltd. (重慶伊泰鵬方合成新材料研究院有限公司). A controlled subsidiary was removed from the scope of consolidation in the current period.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES

#### (I) Interests in subsidiaries

##### 1. Composition of the Group

Name of subsidiary	Place of incorporation/ registration and business	Nature of the enterprise	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		
						Direct	Indirect	Acquisition method
Inner Mongolia Yitai Baoshan Coal Co., Ltd. (內蒙古伊泰寶山煤炭有限責任公司)	PRC/Mainland China	Limited liability	Ordos	Nalin Taohai Town, Ejin Horo Banner, Ordos	Coal mining	100.00		A subsidiary acquired through business combination under common control
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd.(內蒙古伊泰京粵酸刺溝礦業有限責任公司)	PRC/Mainland China	Limited liability	Ordos	Majjata Village, Haji Gaole Township, Jungar Banner	Coal mining	52.00		A subsidiary acquired through establishment or investment
Yitai Energy (Shanghai) Co., Ltd. (伊泰能源(上海)有限公司)	PRC/Mainland China	Limited liability	Shanghai	Lingshi Road, Shanghai	Sales of coal	100.00		A subsidiary acquired through establishment or investment
Yitai Energy Investment (Shanghai) Co., Ltd.(伊泰能源投資(上海)有限公司)	PRC/Mainland China	Limited liability	Shanghai	Room 368, Part 302 No. 211 Futebei Road, Shanghai Pilot Free Trade Zone, China	Sales of coal	100.00		A subsidiary acquired through establishment or investment
Yitai Supply Chain Finance Services Co., Ltd. (伊泰供應鏈金融服務(深圳)有限公司)	PRC/Mainland China	Limited liability	Shenzhen	Room 201, Block A, No. 1, Qianwan Road 1, Qianhai Shenzhen Hong Kong Cooperative District, Shenzhen	Sales of coal	100.00		A subsidiary acquired through establishment or investment
Yitai Share (Hong Kong) Co., Ltd.(伊泰(股份)香港有限公司)	PRC/Hong Kong	Limited liability	Hong Kong	Room 3312, 33/F, Rian Centre, 6-8 Harbour Road, Wanchai, Hong Kong	International trade	100.00		A subsidiary acquired through establishment or investment
Ulanqab Yitai Coal Sales Co., Ltd. (烏蘭察布市伊泰煤炭銷售有限公司)	PRC/Mainland China	Limited liability	Ulanqab	Xinghe Miaoliang Coal Logistics Park, Ulanqab	Sales of coal	100.00		A subsidiary acquired through establishment or investment
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	PRC/Mainland China	Limited liability	Ordos	Zhoujiawan Village, Xinglong Street, Jungar Banner, Ordos, Inner Mongolia Autonomous Region	Railway transportation	72.66		A subsidiary acquired through business combination not under common control



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

##### 1. Composition of the Group (Continued)

Name of subsidiary	Place of incorporation/ registration and business	Nature of the enterprise	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Acquisition method
						Direct	Indirect	
Ordos Dama Railway Co., Ltd. (鄂爾多斯大馬鐵路有限公司)	PRC/Mainland China	Limited liability	Ordos	Crystal Road, Xuejiawan Town, Jungar Banner, Ordos, Inner Mongolia Autonomous Region	Railway transportation	61.79		A subsidiary acquired through business combination not under common control
Inner Mongolia Yitai Zhudong Jintai Storage and Transportation Co., Ltd. (內蒙古伊泰准東金泰儲運有限公司)	PRC/Mainland China	Limited liability	Ordos	Warm Water Township, Jungar Banner	Storage of goods		51.00	A subsidiary acquired through establishment or investment
Jungar Banner Huzhun Ruyi Logistics Co., Ltd. (准格爾旗呼准如意物流有限公司)	PRC/Mainland China	Limited liability	Ordos	Guanniujia, East Kongdai Village, Dalu Town, Jungar Banner	Storage and loading and unloading of goods		51.00	A subsidiary acquired through establishment or investment
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限公司)	PRC/Mainland China	Limited liability	Ordos	Dalu Town, Jungar Banner	Coal-related chemical	90.50		A subsidiary acquired through establishment or investment
Inner Mongolia Yitai Petrochemical Equipment Co., Ltd. (內蒙古伊泰石化裝備有限公司)	PRC/Mainland China	Limited liability	Ordos	Dalu New District, Jungar Banner	Manufacturing		83.89	A subsidiary acquired through business combination not under common control
Yitai Yili Energy Co., Ltd. (伊泰伊犁能源有限公司)	PRC/Mainland China	Limited liability	Yili	Yinan Industrial Park, Chabuchaer County, Yili, Xinjiang	Coal-related chemical	90.20		A subsidiary acquired through business combination under common control
Yitai Yili Mining Co., Ltd. (伊泰伊犁礦業有限公司)	PRC/Mainland China	Limited liability	Yili	Yinan Industrial Park, Chabuchaer County	Coal mining	90.20		A subsidiary acquired through establishment or investment

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

##### 1. Composition of the Group (Continued)

Name of subsidiary	Place of incorporation/ registration and business	Nature of the enterprise	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Acquisition method
						Direct	Indirect	
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	PRC/Mainland China	Limited liability	Ordos	(North Jintai Industrial Avenue, South Jinliu Road, West Taisi Road) Duguitala South Industrial District, Hangjin Banner, Ordos, Inner Mongolia Autonomous Region	Coal-related chemical	90.20		A subsidiary acquired through establishment or investment
Hangjin Banner Xinnuo Municipal Construction and Investment Co., Ltd. (杭錦旗信諾市政建設投資有限責任公司)	PRC/Mainland China	Limited liability	Ordos	South Project Area, Dugui Tala Industrial Park, Hangjin Banner, Ordos	Municipal administration for infrastructure		80.00	A subsidiary acquired through establishment or investment
Inner Mongolia Yitai Ningeng Fine Chemicals Co., Ltd. (內蒙古伊泰寧能精細化工有限責任公司)	PRC/Mainland China	Limited liability	Ordos	Dugui Tala Industrial Park, Hangjin Banner, Ordos	Coal-related chemical		100.00	A subsidiary acquired through establishment or investment
Inner Mongolia Hengrui Xinke Chemical Co., Ltd. (內蒙古恆瑞新科化工有限公司)	PRC/Mainland China	Limited liability	Ordos	Room 402, Unit 2, No. 3, Area B, Riyuexuan, Xini Town, Hangjin Banner, Ordos City, Inner Mongolia Autonomous Region	Coal-related chemical		100.00	A subsidiary acquired through business combination not under common control
Inner Mongolia Yuanji Chemical Co., Ltd. (內蒙古垣吉化工有限公司)	PRC/Mainland China	Limited liability	Ordos	South Coal Chemical Industry Park, Dalu Coal Chemical Base, Jungar Banner, Ordos City, Inner Mongolia Autonomous Region	Coal-related chemical		100.00	A subsidiary acquired through business combination not under common control
Inner Mongolia Yitai Petrochemical Co., Ltd. (內蒙古伊泰石油化工有限公司)	PRC/Mainland China	Limited liability	Ordos	Dongsheng District, Ordos	Sales of oil and chemicals	90.20		A subsidiary acquired through establishment or investment
Yitai Chemical (Shanghai) Co., Ltd. (伊泰化學(上海)有限公司)	PRC/Mainland China	Limited liability	Shanghai	Jinle Road, Baoshan District, Shanghai	Sales of oil and chemicals		100.00	A subsidiary acquired through establishment or investment

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

##### 1. Composition of the Group (Continued)

Name of subsidiary	Place of incorporation/ registration and business	Nature of the enterprise	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Acquisition method
						Direct	Indirect	
Inner Mongolia Yitai Railway Investment Co., Ltd. (內蒙古伊泰鐵路投資有限公司)	PRC/Mainland China	Limited liability	Ordos	Jiefang, No. 14 South Yimei Road, Dongsheng District, Ordos, Inner Mongolia Autonomous Region	Railway investment	100.00		A subsidiary acquired through establishment or investment
Shanghai Lingang Yitai Supply Chain Co., Ltd. (上海臨港伊泰供應鏈有限公司)	PRC/Mainland China	Limited liability	Shanghai	Room 3278, Building 2, Lane 1800, Xinyang Highway, Fengxian District, Shanghai	Supply chain management	100.00		A subsidiary acquired through establishment or investment
Yitai Bohai Energy Co., Ltd. (伊泰渤海能源有限公司)	PRC/Mainland China	Limited liability	Qinhuangdao	No. 225 Haining Road, Beidaihe District, Qinhuangdao, Hebei	Sales of coal	100.00		A subsidiary acquired through establishment or investment
Yitai Shanxi Coal Transportation and Sales Co., Ltd. (伊泰(山西)煤炭運銷有限公司)	PRC/Mainland China	Limited liability	Taiyuan	Room 210-4, 2/F, Zizhengyuan Building B, No. 46 Jingyuan Road, Private District, Taiyuan	Sales of coal	100.00		A subsidiary acquired through establishment or investment
Inner Mongolia Anchuang Inspection and Testing Co., Ltd. (內蒙古安創檢驗檢測有限公司)	PRC/Mainland China	Limited liability	Ordos	Dongsheng District, Ordos	Test for coal quality and oil	100.00		A subsidiary acquired through business combination under common control
Hangzhou Xinyu Investment Management Partnership (Limited Partnership) (杭州信聿投資管理合夥企業(有限合夥))	PRC/Mainland China	Limited liability	Xiaoshan District, Hangzhou, Zhejiang Province	Xianghu Financial Town, Xiaoshan District, Hangzhou, Zhejiang Province	Fund investment	100.00		A subsidiary acquired through establishment or investment
Yitai Bohai Supply Chain Management Co., Ltd. (伊泰渤海供應鏈管理有限公司)	PRC/Mainland China	Limited liability	Tangshan	Caofeidian Lingang Business District, Tangshan	Supply chain management services, sales and transportation of coal	100.00		A subsidiary acquired through establishment or investment
Inner Mongolia Yitai Dadi Coal Co. Ltd. (內蒙古伊泰大地煤炭有限公司)	PRC/Mainland China	Limited liability	Ordos	Daliuta Village, Nalin Taohai Town, Ejin Horo Banner, Ordos	Coal mining	100.00		A subsidiary acquired through establishment or investment

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

##### 1. Composition of the Group (Continued)

Name of subsidiary	Place of incorporation/ registration and business	Nature of the enterprise	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Acquisition method
						Direct	Indirect	
Yitai Equity Investment Management Co., Ltd. (伊泰股權投資管理有限公司)	PRC/Mainland China	Limited liability	Nanshan District, Shenzhen	C740, Building BC, Dongjiaotou Industrial Zone, Yuyi Community, Shekou Street, Nanshan District, Shenzhen	Investment management	100.00		A subsidiary acquired through establishment or investment
GQC Yitai Jiuyou Investment Management Partnership (Limited Partnership) (共青城伊泰久友投資管理合夥企業(有限合夥))	PRC/Mainland China	Limited liability	Jiujiang, Jiangxi Province	Gongqingcheng Private Equity Fund Innovation Park, Jiujiang, Jiangxi Province	Project investment, investment management and industry investment		98.33	A subsidiary acquired through establishment or investment
Shenzhen Taiyu Private Equity Fund Management Co., Ltd. (深圳泰譽私募基金管理有限公司)	PRC/Mainland China	Limited liability	Nanshan District, Shenzhen	L1704, China Resources Building, No. 2666, Keyuan South Road, Haizhu Community, Yuehai Street, Nanshan District, Shenzhen	Capital market services		100.00	A subsidiary acquired through establishment or investment
Shenzhen Shangzhu Investment Partnership (Limited Partnership) (深圳尚竹投資合夥企業(有限合夥))	PRC/Mainland China	Limited liability	Nanshan District, Shenzhen	L1704, China Resources Building, No. 2666, Keyuan South Road, Haizhu Community, Yuehai Street, Nanshan District, Shenzhen	Capital market services		92.86	A subsidiary acquired through establishment or investment
Inner Mongolia Chengtai Construction Engineering Co., Ltd. (內蒙古承泰建設工程科技有限公司)	PRC/Mainland China	Limited liability	Ordos	Room 1409, Life Science and Health Industry Incubation Base, High-tech Industrial Development Zone, Kangbashi District, Ordos, Inner Mongolia Autonomous Region	Promotion and application services of science and technology	100.00		A subsidiary acquired through establishment or investment
Inner Mongolia Yitai Baijialiang Coal Co., Ltd. (內蒙古伊泰白家梁煤炭有限公司)	PRC/Mainland China	Limited liability	Ejin Horo Banner, Ordos	No. 1 Community of Burdunta Village, Nalintaohai Town, Ejin Horo Banner, Ordos, Inner Mongolia Autonomous Region	Coal mining	100.00		A subsidiary acquired through establishment or investment
Inner Mongolia Yitai International Energy Trade Co., Ltd.	PRC/Mainland China	Limited liability	Urad Middle Banner, Bayan Nur, Inner Mongolia Autonomous Region	No. 1 Street of Ganchi Maodu Town, Urad Middle Banner, Bayan Nur, Inner Mongolia Autonomous Region	Wholesale	51.00		A subsidiary acquired through establishment or investment



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

#### 2. Significant non-wholly-owned subsidiaries (it is applicable when the interests held by minority shareholders of a subsidiary are important to the Group)

Unit: RMB'0,000

Name of subsidiary	Minority shareholder's shareholding proportion (%)	Profit and loss attributable to the minority shareholders in the current period	Dividends declared to be distributed to the minority shareholders in the current period	Accumulated closing book value of minority interests
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	9.50	-6,269.53		14,205.32
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	48.00	162,763.64	86,400.00	547,037.91
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	27.34	3,905.29	4,949.10	229,874.69
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	9.80	7,465.13		57,358.06



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

##### 3. Main financial information for significant non-wholly-owned subsidiaries

Unit: RMB'0,000

Name of subsidiary	Current assets	Non-current assets	Closing balance		Total liabilities
			Total assets	Current liabilities	
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	31,670.29	261,442.08	293,112.37	71,343.58	141,462.13
Inner Mongolia Yitai Jingyue Suancang Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	1,119,907.30	365,671.37	1,485,578.67	280,203.81	345,916.36
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	49,446.17	1,095,255.85	1,144,702.02	94,045.03	265,633.46
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	129,835.39	1,353,409.21	1,483,244.60	213,267.53	683,769.18

Continued:

Name of subsidiary	Current assets	Non-current assets	Opening balance		Total liabilities
			Total assets	Current liabilities	
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	30,951.19	324,465.06	355,416.25	68,664.28	140,319.13
Inner Mongolia Yitai Jingyue Suancang Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	1,018,298.59	357,537.52	1,375,836.11	342,905.65	408,761.00
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	36,644.98	1,142,272.05	1,178,917.03	83,504.08	297,930.82
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	185,045.12	1,422,447.02	1,607,492.14	182,553.62	907,422.63

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

##### 3. Main financial information for significant non-wholly-owned subsidiaries (Continued)

Continued:

Name of subsidiary	Operating income	Amount in current year		
		Net profit	Total comprehensive income	Cash flow from operating activities
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	134,974.29	-63,460.15	-63,460.15	16,541.30
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	648,056.15	339,090.92	339,090.92	23,372.68
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	186,948.28	15,947.90	16,603.96	106,970.19
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	889,135.53	76,103.53	76,103.53	317,610.31

Continued:

Name of subsidiary	Operating income	Amount in previous year		
		Net profit	Total comprehensive income	Cash flow from operating activities
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	78,611.00	-39,197.27	-39,197.27	-14,770.63
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	573,656.47	322,794.89	322,794.89	319,599.53
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	175,682.08	26,789.09	24,687.27	104,522.75
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	642,551.48	-39,511.12	-39,511.12	37,398.60

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (I) Interests in subsidiaries (Continued)

4. There were no significant restrictions for using the Group's assets and settling the Group's liabilities.
5. There was no financial support or other support provided to structuring subject in the scope of consolidated financial statements by the Company.

#### (II) Transactions for which the share of owner's equity in subsidiary changes but the subsidiary is controlled

##### 1. Changes in owners' equity in subsidiaries

During the current period, Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司), a subsidiary of the Company, acquired equities from the minority shareholders of Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. (內蒙古伊泰寧能精細化工有限公司). See explanation 1 in Note 44 under NOTE V for details.

During the current period, the Company acquired equities from the minority shareholders of Inner Mongolia Yitai Coal-to-oil Co., Ltd. (內蒙古伊泰煤制油有限責任公司). See explanation 3 in Note 40 under NOTE V for details.

##### 2. Effect of the transactions on minority interest and equity attributable to the owners of the parent company

Item	Inner Mongolia Yitai Ningneng Fine Chemicals Co., Ltd. (內蒙古伊泰寧能精 細化工有限公司)	Inner Mongolia Yitai Coal-to-oil Co., Ltd. (內蒙古伊泰煤制油 有限責任公司)
Cash	78,262,653.00	942,004,439.33
Total acquisition cost	78,262,653.00	942,004,439.33
Less: share of net assets in subsidiaries based on shares acquired	39,559,827.40	836,759,277.38
Difference	38,702,825.60	105,245,161.95
Of which: surplus reserve adjustment	3,870,282.56	
Undistributed profit adjustment	34,832,543.04	
Capital reserve adjustment		105,245,161.95

##### 3. Other explanation:

The subsidiaries of the Company have no external issuance of share capital or debt securities.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (III) Equity in joint arrangements or associates

##### 1. Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Accounting treatment
				Direct	Indirect	
<b>1. Joint ventures</b>						
Ordos Yitai Water Co., Ltd. (鄂爾多斯市水投杭旗水務有限公司)	Ordos	Dugui Tala Town Industry Park, Hangjin Banner	Provision of industrial water		49.00	Equity method
Inner Mongolia Yitai Galutu Mining Co., Ltd. (內蒙古伊泰嘎魯圖礦業有限公司)	Ordos	Galutu Town, Wushen Banner, Ordos, Inner Mongolia Autonomous Region	Production and sales of raw coal		47.23	Equity method
<b>2. Associates</b>						
Inner Mongolia Yitai Finance Company Limited (內蒙古伊泰財務有限公司)	Ordos	Wanbo Square, Tianjiao North Road, Dongsheng District, Ordos	Non-bank finance	40.00		Equity method
Inner Mongolia Jingtai Power Generation Co., Ltd. (內蒙古京泰發電有限責任公司)	Ordos	Data Village, Xuejiawan Town, Jungar Banner	Power generation and sales of coal gauge	29.00		Equity method
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤化工有限責任公司)	Ordos	Ejin Horo Banner, Ordos	Production and sales of coal	20.00		Equity method

The Company's shareholding percentage in joint ventures or associates is consistent with the percentage of voting rights.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (III) Equity in joint arrangements or associates (Continued)

##### 2. Key financial information of significant joint ventures

Item	Closing balance/ Amount in current year	
	Ordos Yitai Water Co., Ltd. (鄂爾多斯市水投杭 旗水務有限公司)	Inner Mongolia Yitai Galutu Mining Co., Ltd. (內蒙古伊泰嘎魯圖 礦業有限公司)
Current assets	33,340,231.39	27,791,219.66
Of which: Cash and cash equivalents	20,909,774.83	25,455,415.26
Non-current assets	79,492,966.04	973,604,636.09
Total assets	112,833,197.43	1,001,395,855.75
Current liabilities	4,988,432.19	
Non-current liabilities		
Total liabilities	4,988,432.19	
Minority interests		
Equity attributable to shareholders of the parent company	107,844,765.24	1,001,395,855.75
Net assets calculated by proportion of shareholding	52,843,934.97	472,959,262.67
Adjusting items		
– Goodwill		
– Internal transaction unrealised profit		
– Others		
Book value of equity investments in joint ventures	52,843,934.97	472,959,262.67
Fair value of equity investments with public offer		
Operating income	12,660,885.36	
Financial costs	-288,861.36	-184,442.70
Income tax expenses	215,136.18	13,411.11
Net profit	1,505,953.29	6,371.40
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	1,505,953.29	6,371.40
Dividends received by the Company from joint ventures in the current period		

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (III) Equity in joint arrangements or associates (Continued)

##### 2. Key financial information of significant joint ventures (Continued)

Continued:

Item	Opening balance/ Amount in previous year	
	Ordos Yitai Water Co., Ltd. (鄂爾多斯市水投杭 旗水務有限公司)	Inner Mongolia Yitai Galutu Mining Co., Ltd. (內蒙古伊泰嘎魯圖 礦業有限公司)
Current assets	28,127,015.98	35,754,250.02
Of which: Cash and cash equivalents	15,748,040.86	34,040,853.37
Non-current assets	85,369,009.12	965,646,721.17
Total assets	113,496,025.10	1,001,400,971.19
Current liabilities	4,843,131.16	11,486.83
Non-current liabilities		
Total liabilities	4,843,131.16	11,486.83
Minority interests		
Equity attributable to shareholders of the parent company	108,652,893.94	1,001,389,484.36
Net assets calculated by proportion of shareholding	53,239,918.03	472,956,253.46
Adjusting items		
– Goodwill		
– Internal transaction unrealised profit		
– Others		
Book value of equity investments in joint ventures	53,239,918.03	472,956,253.46
Fair value of equity investments with public offer		
Operating income	12,378,975.12	
Financial costs	-168,792.78	-950,432.43
Income tax expenses	195,740.00	220,736.32
Net profit	1,370,179.99	655,600.34
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	1,370,179.99	655,600.34
Dividends received by the Company from joint ventures in the current period		

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (III) Equity in joint arrangements or associates (Continued)

##### 3. Key financial information of significant associates

Item	Closing balance/Amount in current year		
	Inner Mongolia Yitai Finance Company Limited (內蒙古伊泰財務有 限公司)	Inner Mongolia Jingtai Power Generation Co., Ltd. (內蒙古京泰發 電有限責任公司)	Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊 泰廣聯煤化有限責 任公司)
Current assets	14,122,561,687.18	161,639,821.04	4,968,461,572.68
Non-current assets	906,130.37	6,697,221,212.54	43,666,924,260.67
Total assets	14,123,467,817.55	6,858,861,033.58	48,635,385,833.35
Current liabilities	12,557,896,497.13	1,660,214,187.90	6,777,688,289.44
Non-current liabilities		2,700,067,778.43	2,917,468,631.96
Total liabilities	12,557,896,497.13	4,360,281,966.33	9,695,156,921.40
Minority interests			
Equity attributable to shareholders of the parent company	1,565,571,320.42	2,498,579,067.25	38,940,228,911.95
Net assets calculated by proportion of shareholding	626,228,528.17	724,587,929.51	7,788,045,782.39
Adjusting items			
– Goodwill			
– Internal transaction unrealised profit			
– Others			
Book value of equity investments in associates	626,228,528.17	724,587,929.50	7,788,045,782.39
Fair value of equity investments with public offer			
Operating income	399,061,736.17	1,255,116,404.47	6,749,802,615.95
Net profit	293,021,788.58	269,022,961.86	3,062,422,172.37
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	293,021,788.58	269,022,961.86	3,062,422,172.37
Dividends received by the Company from associates in the current period	68,000,000.00	2,805,582.13	900,000,000.00

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (III) Equity in joint arrangements or associates (Continued)

##### 3. Key financial information of significant associates (Continued)

Continued:

Item	Opening balance/Amount in previous year		
	Inner Mongolia Yitai Finance Company Limited (內蒙古伊 泰財務有限公司)	Inner Mongolia Jingtai Power Generation Co., Ltd. (內蒙古京泰發 電有限責任公司)	Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤 化有限責任公司)
Current assets	12,418,132,492.16	226,192,709.03	3,858,256,436.01
Non-current assets	1,513,202.65	5,751,013,357.66	43,709,390,187.66
Total assets	12,419,645,694.81	5,977,206,066.69	47,567,646,623.67
Current liabilities	10,977,096,162.97	1,223,606,807.31	3,166,040,423.18
Non-current liabilities		2,797,287,084.34	4,023,799,460.89
Total liabilities	10,977,096,162.97	4,020,893,891.65	7,189,839,884.07
Minority interests			
Equity attributable to shareholders of the parent company	1,442,549,531.84	1,956,312,175.04	40,377,806,739.60
Net assets calculated by proportion of shareholding	577,019,812.74	567,330,530.77	8,075,561,347.92
Adjusting items			
– Goodwill			
– Internal transaction unrealised profit			
– Others			
Book value of equity investments in associates	577,019,812.74	567,330,530.77	8,075,561,347.92
Fair value of equity investments with public offer			
Operating income	383,336,532.27	994,441,041.71	4,179,063,876.82
Net profit	228,007,121.06	23,487,925.87	1,675,248,807.98
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	228,007,121.06	23,487,925.87	1,675,248,807.98
Dividends received by the Company from associates in the current period	69,104,385.96	1,685,291.12	60,000,000.00



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VII. INTERESTS IN OTHER ENTITIES (Continued)

#### (III) Equity in joint arrangements or associates (Continued)

##### 4. Summary on financial information for insignificant joint ventures and associates

Item	Closing balance/ Amount in current year	Opening balance/ Amount in previous year
Total book value of investments in associates	519,149,576.46	504,733,677.75
Total amount of the following items calculated by proportion of shareholding		
Net profit	211,455,118.47	115,864,275.16
Other comprehensive income		
Total comprehensive income	211,455,118.47	115,864,275.16

##### 5. There were no significant restrictions for joint ventures or associates transferring funds to the Company.

##### 6. Excess loss generated in joint ventures or associates

Name of joint venture or associate	Accumulated unrecognised loss in previous period	Unrecognised loss in the current period (or net profit shared in the current period)	Accumulated unrecognised loss at the end of the current period
Ordos Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤 田滅火工程有限責任公司)	133,081,324.65	8,192.06	133,089,516.71
Total	133,081,324.65	8,192.06	133,089,516.71

##### 7. The Company has no unrecognised commitment related to investments in joint ventures.

##### 8. The Company has no contingent liabilities related to investments in joint ventures or associates.

#### (IV) The Company has no significant joint operation.

#### (V) The Company has no structuring subject out of the scope of consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VIII. RISK DISCLOSURE RELATED TO FINANCIAL INSTRUMENT

The major financial instruments of the Company primarily include monetary funds, equity investments, borrowings, accounts receivable, accounts payables and bond payables. The Company is exposed to risks from various financial instruments in day-to-day operation, mainly including credit risk, liquidity risk and market risk. The risks in connection with such financial instruments and the risk management policies adopted by the Company to mitigate such risks are summarised as follows:

The board of directors is responsible for planning and establishing the risk management structure for the Company, developing risk management policies and the related guidelines across the Company, and supervising the performance of risk management measures. The Company has developed risk management policies to identify and analyse risks exposed by the Company. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk management. The Company will evaluate the market environment and changes of the Company's operating activities on a regular basis to decide whether to update the risk management policies and systems. Risk management of the Company is carried out by the Risk Management Committee based on the policies as approved by the board of directors. Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Company. Internal Audit Department of the Company will review the risk management control and process regularly, and submit the review results to Audit Committee of the Company. The Company spreads the risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates the risk of focusing on any single industry, specific regions or counterparties by way of formulating the corresponding policies for risk management.

#### (I) Credit risk

Credit risk refers to the risk of financial losses to the Company as a result of the failure of performance of contractual obligations by the counterparties. The management has developed proper credit policies and continuously monitors credit risk exposures.

The Company has adopted the policy of transacting with creditworthy counterparties only. In addition, the Company evaluates the credit qualification of customers and sets up corresponding credit term based on the financial status of customers, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Company monitors the balances and recovery of bills and accounts receivable, and contract assets on a continual basis. As for bad credit customers, the Company will use the written reminders, shorten the credit term or cancel the credit term to ensure that the Company is free from material credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure adequate expected credit loss provision is made for relevant financial assets.

The Company's other financial assets include monetary funds and other receivables. The credit risk relating to these financial assets arises from the default of counterparties, but the maximum exposure to credit risk is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantee that may expose the Company to credit risk.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VIII. RISK DISCLOSURE RELATED TO FINANCIAL INSTRUMENT (Continued)

#### (I) Credit risk (Continued)

The monetary funds held by the Company are mainly deposited with financial institutions such as state-owned banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a higher reputation and assets, so there is no major credit risk and the Company would not have any significant losses caused by the default by these institutions. The Company's policy is to control the amount deposited with these famous financial institutions based on their market reputation, operating size and financial background, to limit the credit risk amount of any single financial institution.

As a part of its credit risk asset management, the Company assesses the credit loss of receivables using expected credit loss.

As of 31 December 2022, the book balance and expected credit losses of related assets are as follows:

Item	Book balance	Loss provision
Financing receivable	100,000.00	
Accounts receivables	1,073,732,603.11	22,083,882.90
Prepayments	605,903,309.55	
Other receivables	1,097,055,053.55	14,290,969.90
long-term receivables	389,804,507.36	
Total	<u>3,166,595,473.57</u>	<u>36,374,852.80</u>

#### (II) Liquidity risk

Liquidity risk refers to the risk of short of funds when the company performs its obligation of cash payment or settlement by other financial assets. The Company's subordinate member companies are responsible for their respective cash flow projections. Based on the results thereof, the subordinate financial management department continually monitors its short-term and long-term capital needs at the company level to ensure adequate cash reserves; in the meantime, continually monitors the compliance with loan agreements and secures undertakings for sufficient reserve funds from major financial institutions, to address its short-term and long-term capital needs.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VIII. RISK DISCLOSURE RELATED TO FINANCIAL INSTRUMENT (Continued)

#### (II) Liquidity risk (Continued)

As of 31 December 2022, the financial liabilities owned by the Company are presented as undiscounted contractual cash flows on the remaining contract period as follows:

Item	Closing balance						Total
	Within 1 month	1-3 months	3 months-1 year	1 to 2 years	2 to 5 years	Over 5 years	
Notes payable			4,341,329,745.36				4,341,329,745.36
Accounts payable			3,235,900,209.67				3,235,900,209.67
Other payables			1,777,679,987.45				1,777,679,987.45
Long-term borrowings	89,724,258.60	265,839,312.74	3,371,117,576.67	3,812,638,541.52	8,337,844,114.25	2,462,980,474.03	18,340,144,277.81
Bonds payable	11,041,458.33	2,491,250.00	11,418,229.17	314,327,291.67			339,278,229.17
Lease liabilities	446,085.89	892,171.78	4,014,772.99	1,012,710.59			6,365,741.24
Long-term payables	1,967,438.39	867,945.21	95,490,164.38	96,433,068.49	287,139,205.48	915,941,452.05	1,397,839,274.00
Total	103,179,241.20	270,090,679.72	12,836,950,685.69	4,224,411,612.27	8,624,983,319.73	3,378,921,926.08	29,438,537,464.69

Continued:

Item	Opening balance						Total
	Within 1 month	1-3 months	3 months-1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	155,566.65	30,188,533.33					30,344,099.98
Notes payable			1,919,032,313.94				1,919,032,313.94
Accounts payable			2,192,974,798.18				2,192,974,798.18
Other payables			2,491,669,969.08				2,491,669,969.08
Long-term borrowings	137,471,319.55	922,685,043.99	6,117,511,510.13	5,496,594,493.38	11,819,616,624.81	4,144,194,802.08	28,638,073,793.94
Bonds payable	72,663,888.89	19,833,333.33	90,902,777.78	120,652,777.78	2,556,579,166.67	-	2,860,631,944.45
Lease liabilities	588,136.43	1,176,272.86	5,293,227.87	4,343,994.88	13,320.07		11,414,952.11
Long-term payables	2,110,416.44	968,547.95	62,201,260.27	68,282,082.19	187,545,205.48	690,885,534.25	1,011,993,046.58
Total	212,989,327.96	974,851,731.46	12,879,585,857.25	5,689,873,348.23	14,563,754,317.03	4,835,080,336.33	39,156,134,918.26

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VIII. RISK DISCLOSURE RELATED TO FINANCIAL INSTRUMENT (Continued)

#### (III) Market risk

##### 1. Exchange rate risk

The principal places of operations of the Company are located in China and the major businesses are settled in Renminbi (“RMB”). However, the Company’s recognised foreign currency assets and liabilities as well as the foreign currency transactions in the future (the functional currencies of foreign assets and liabilities as well as the transactions are mainly US dollar (“USD”) and Kuwait dinar (“KWD”)) remain exposed to exchange rate risk. The finance department of the Company is in charge of supervising the foreign currency transactions and the size of foreign assets and liabilities so as to minimise the exposure to exchange rate risk.

- (1) The Company did not sign any forward foreign exchange contract or currency swap contract.
- (2) As of 31 December 2022, the carrying amounts in RMB equivalent of the Company’s financial assets and liabilities denominated in foreign currencies are summarized below:

Item	USD	Closing balance HKD	KWD	Total
Foreign currency financial assets:				
Monetary funds	64,193,982.07	7,076,292.81		71,270,274.88
Sub-total	64,193,982.07	7,076,292.81		71,270,274.88
Foreign currency financial liabilities:				
Long-term borrowings due within one year			17,441,648.92	17,441,648.92
Long-term borrowings			8,720,875.88	8,720,875.88
Sub-total			26,162,524.80	26,162,524.80

Continued:

Item	USD	Opening balance HKD	KWD	Total
Foreign currency financial assets:				
Monetary funds	145,624,932.52	5,558,386.12		151,183,318.64
Sub-total	145,624,932.52	5,558,386.12		151,183,318.64
Foreign currency financial liabilities:				
Long-term borrowings due within one year			16,156,327.68	16,156,327.68
Long-term borrowings			24,234,484.77	24,234,484.77
Sub-total			40,390,812.45	40,390,812.45

- (3) Sensitivity analysis: Given a very small size of foreign currency assets and liabilities, the Company is subject to small market risk arising from fluctuations in foreign exchange rate.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### VIII. RISK DISCLOSURE RELATED TO FINANCIAL INSTRUMENT (Continued)

#### (III) Market risk (Continued)

##### 2. Interest rate risk

The interest rate risk of the Company mainly associates with bank borrowings, etc. Floating rate financial liabilities expose the Company to cash-flow interest rate risk, while fixed rate financial liabilities expose the Company to fair-value interest rate risk. The Company determines the comparative proportion of fixed rate contracts and floating rate contracts based on the then market conditions.

The finance department of the Company constantly monitors the interest rate level of the Company. A rise in the interest level will increase the costs of additional interest-bearing debts and the interest expenses on the Company's outstanding interest-bearing debts with floating rate, and may have a material adverse impact on the financial results of the Company. The management will make timely adjustment according to the latest market conditions, such as interest rate swap arrangements to mitigate interest rate risk.

- (1) The Company had no interest swap arrangement this year.
- (2) As of 31 December 2022, the Company's long-term interest-bearing debts are mainly the floating rate contracts denominated in RMB, with a contract value of RMB16,360,299,269.38. See Note V (31) and (33) for details.
- (3) Sensitivity analysis:

As of 31 December 2022, if the interest rate on floating rate borrowings increases or decreases by 50 base points with all other variables held constant, the net profit of the Company will decrease or increase by approximately RMB81,801,496.35.

The above sensitivity analysis assumption of interest rate changes has taken place on the balance sheet date and have been applied to all loans obtained by our Company at long-term floating interest rates.

##### 3. Price risk

The Company generates revenue mainly from the production and sales of coal, while the coal industry, a sector at the upstream of energy demands, is highly related to the sentiment of national economy in its development course. Changes in market supply and demand will have a direct impact on coal price, which will significantly affect the Company's results. In order to reduce the influence on the Company's results arising from changes in coal price, the Company has entered into mid-term and long-term coal sale contracts with its major clients for the purpose of flexible adjustment to the spot market sale, so as to achieve less variations in the Company's average selling price than the market level as well as maximal stabilization of the Company's coal selling price.



## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

### IX. FAIR VALUE

#### (I) Financial instruments measured at fair value

The Company presents the book value of the financial asset instruments measured at fair value on 31 December 2022 at three levels of fair value. When the fair value is classified into three levels as a whole, it is based on the lowest level among the three levels of the important input values used in the fair value measurement. The three levels are defined as follows:

Level 1: unadjusted quotations for identical assets or liabilities that can be obtained on the measurement date in an active market;

Level 2: input value that is directly or indirectly observable for underlying assets or liabilities other than the input value of the level 1;

Input values of Level 2 includes: 1) quotations for similar assets or liabilities in an active market; 2) quotations for identical or similar assets or liabilities in an inactive market; 3) other observable inputs other than quotations, including observable interest rate and yield curves, implied volatility and credit spreads during normal quotations interval; 4) market-proven input values, etc.

Level 3: unobservable input value of underlying assets or liabilities.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### IX. FAIR VALUE (Continued)

#### (II) Fair value measurement at the end of the period

##### 1. Sustained fair value measurement

Item	Fair value at the end of the period			Total
	Level 1	Level 2	Level 3	
Transactional financial assets			792,370,547.95	792,370,547.95
Financing receivables			100,000.00	100,000.00
Investment in other equity instruments	18,512,279.34	102,730,000.00	8,582,000,000.00	8,703,242,279.34
Other non-current financial assets	2,781,364.29		1,766,224,239.57	1,769,005,603.86
Total assets	21,293,643.63	102,730,000.00	11,140,694,787.52	11,264,718,431.15

Continued:

Item	Fair value at the beginning of the period			Total
	Level 1	Level 2	Level 3	
Financing receivables			42,309,185.36	42,309,185.36
Investment in other equity instruments	19,586,736.29	104,130,000.00	7,743,000,000.00	7,866,716,736.29
Other non-current financial assets	4,846,871.57		1,660,529,682.78	1,665,376,554.35
Total assets	24,433,607.86	104,130,000.00	9,445,838,868.14	9,574,402,476.00

##### 2. There was no non-sustained fair value measurement in the Company at the end of the period.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### IX. FAIR VALUE (Continued)

#### (III) Basis for determination of the market value of sustained level 1 fair value measuring items

The fair value of investment in other equity instruments – H shares of Qinhuangdao Port and HuaXia Monetary Fund B is measured based on the unadjusted quotations in an active market as at the date of the balance sheet, which belongs to level 1 fair value.

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation Technique and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	31 December 2022 (RMB)	31 December 2021 (RMB)				
Financial assets at fair value through other comprehensive income – listed equity investments	18,512,279.34	19,586,736.29	Level 1	There are quotations in active markets.	N/A	N/A
Financial assets at fair value through profit or loss – unlisted open-ended equity funds	2,781,364.29	4,846,871.57	Level 1	There are quotations in active markets.	N/A	N/A

#### (IV) Sustained level 2 fair value measuring items:

The fair value of investment in preference shares is calculated based on the market quotation in the inactive market close to the balance sheet date. The amounts of assets have observable inputs at the balance sheet date, which belong to the level 2 fair value.

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	31 December 2022 (RMB)	31 December 2021 (RMB)				
Financial assets at fair value through other comprehensive income – preference shares	102,730,000.00	104,130,000.00	Level 2	Quotations from the identical or similar assets in the inactive market at the end of the reporting period	N/A	N/A



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### IX. FAIR VALUE (Continued)

#### (V) Qualitative and quantitative information of valuation techniques and important parameters used in sustained level 3 fair value measuring items

##### 1. Valuation techniques and inputs description

Level 3 financial instruments mainly include the unlisted equity investments, bank wealth management, private fund investments and financing receivable held by the Company and its subsidiaries. The Company and its subsidiaries determine the fair value of significant investments by using valuation techniques, and adopt the valuation models such as comparison method of listed companies and asset-based approach. The inputs of valuation techniques mainly include the fair market value of peer public companies, rate multiplier and discount rate for lack of liquidity. The fair value of financing receivables of the Company is initially estimated based on materiality judgement of whether the carrying amount represents the fair value; where the amount is material, the fair value will be estimated based on the present value of expected future cash flow. The discount rate is the market rate as at the balance sheet date.

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Significant unobservable inputs range (weighted average)	Relationship between unobservable inputs and fair value
	31 December 2022 (RMB)	31 December 2021 (RMB)					
Financial assets at fair value through other comprehensive income – unlisted equity investments	8,582,000,000.00	7,743,000,000.00	Level 3	Market comparison approach, the fair value is calculated based on the financial performance of comparable listed companies, industry price multiplier and liquidity discount, investment costs and the financial performance of investing enterprises.	Industry price multiplier, scale adjustment factor, profit margin adjustment factor and liquidity discount	0.87-18.25; 5%-20%; 1%-17%; 4%-22%; 30%	The higher the industry price multiplier, and profit margin adjustment factor, the higher the fair value. The smaller the liquidity discount, the higher the fair value.
Financial assets at fair value through profit or loss – unlisted open-end equity funds	1,360,773,082.18	1,515,587,214.25	Level 3	Market multiplier approach, the fair value is calculated based on the financial performance of comparable listed companies, P/E ratio, P/B ratio and P/S ratio.	P/E ratio, P/B ratio, P/S ratio, liquidity discount	20.57-70.23; 1.14-8.90; 1.23-12.43; 20%-35%;	The higher the P/E ratio, P/B ratio, P/S ratio, the higher the fair value. The smaller the liquidity discount, the higher the fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### IX. FAIR VALUE (Continued)

#### (V) Qualitative and quantitative information of valuation techniques and important parameters used in sustained level 3 fair value measuring items (Continued)

##### 1. Valuation techniques and inputs description (Continued)

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Significant unobservable inputs range (weighted average)	Relationship between unobservable inputs and fair value
	31 December 2022 (RMB)	31 December 2021 (RMB)					
Financial assets at fair value through profit or loss – unlisted open-end equity funds	357,790,456.85	123,491,159.52	Level 3	Latest financing approach, the fair value is calculated based on the latest financing equity price multiplying the shareholding percentage.	N/A	NA	N/A
Financial assets at fair value through profit or loss – unlisted open-end equity fund	47,660,700.54	21,451,309.01	Level 3	Income approach, the discounted cash flows, together with the estimated future cash flows based on the expected recoverable amount, are discounted at a rate that reflects management's best estimate of the expected level of risk.	The discount rate corresponding to the expected future cash flows and the expected level of risk.	8.00%-22.00%	The higher the future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
Financial assets at fair value through other comprehensive income – financing receivables	100,000.00	42,309,185.36	Level 3	The discounted cash flows, together with the estimated future cash flows based on the expected recoverable amount, are discounted at a rate that reflects management's best estimate of the expected level of risk.	The discount rate corresponding to the expected future cash flows and the expected level of risk.	3.70%	The higher the future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
Financial assets at fair value through profit or loss – financial assets held-for-trading	792,370,547.95		Level 3	The discounted cash flows, together with the estimated future cash flows based on the expected recoverable amount, are discounted at a rate that reflects management's best estimate of the expected level of risk.	The discount rate corresponding to the expected future cash flows and the expected level of risk.	1.60%-2.70%	The higher the future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### IX. FAIR VALUE (Continued)

#### (V) Qualitative and quantitative information of valuation techniques and important parameters used in sustained level 3 fair value measuring items (Continued)

##### 2. Reconciliation of level 3 fair value measurements

Item	Financial assets at fair value through other comprehensive income (RMB)	Financial assets at fair value through profit or loss (RMB)	Financial assets at fair value through other comprehensive income – financing receivables (RMB)	Total
Opening balance	7,743,000,000.00	1,660,529,682.78	42,309,185.36	9,445,838,868.14
Disposal			42,309,185.36	42,309,185.36
Redemption		27,973,965.38		27,973,965.38
Additions		812,370,547.95	100,000.00	812,470,547.95
Change in fair value	839,000,000.00	113,668,522.17		952,668,522.17
Closing balance	8,582,000,000.00	2,558,594,787.52	100,000.00	11,140,694,787.52

(VI) For sustained fair value measuring items, there was no conversion between hierarchies that occurs in the period.

(VII) There were no changes in valuation techniques in the period.

(VIII) There was no circumstance that the best use of non-financial assets is different from the current use in the Company.

#### (IX) Fair value of the financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include accounts receivable, short-term borrowings, accounts payable, non-current liabilities and long-term borrowings due within one year, bonds payable, lease liabilities and long-term payables.

The book value of the above financial assets and liabilities not measured at fair value approximates to their fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

#### (I) Information on the Company's parent company

Name of the parent company	Registration place	Nature of business	Register capital (RMB'0,000)	Shareholding percentage in the Company (%)	Proportion of voting rights to the Company (%)
Inner Mongolia Yitai Group Co., Ltd.	Liuzhongnan Jiefang Area No. 14 South Yimei Road, Dongsheng Distric	Production of raw coal; processing, transportation and sales of raw coal; railway construction and transportation; coal-related chemical operation and sales of coal-related chemical products	125,000.00	49.17	49.17

#### 1. Explanations on the parent company of the Company

Inner Mongolia Yitai Group Co., Ltd. was established in October 1999 at Liuzhongnan Jiefang Area, No. 14 South Yimei Road, Dongsheng District, Ordos, Inner Mongolia, with a registered capital of RMB1.250 billion. The businesses operated by Yitai Group include the production of raw coal; processing, transportation and sales of raw coal; railway construction, railway transportation of passengers and goods; import of equipment, accessories and technologies for mines; construction and operation of highways; coal-related chemical operation and sales of coal-related chemical products; farming and aquaculture. Inner Mongolia Yitai Group Co., Ltd. is owned as to 99.64% by Inner Mongolia Yitai Investment Co., Ltd..

#### 2. Ultimate controller of the Company

The ultimate parent company of the Company is Inner Mongolia Yitai Investment Co., Ltd. with no de facto controller.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Refer to (I) Interests in Subsidiaries under Note. VII for details on the Company's subsidiaries

(III) Information on the Company's joint ventures and associates

Refer to (III) Interests in Joint arrangements or Associates under Note. VII for details on the Company's major joint ventures or associates.

Information on other joint ventures or associates, which have made a related party transaction with the Company in the period, or previously with balances being formed, are as follows:

Name of joint venture or associate	Relationship with the Company
Ordos Gonggouyangta Storage and Transportation Co., Ltd.	Associate
Ordos Tiandi Huarun Mine Equipment Co., Ltd.	Associate
Ordos Yitai Water Co., Ltd. (鄂爾多斯市水投杭旗水務有限公司)	Joint venture
Ordos Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤田滅火工程有限責任公司)	Associate
Inner Mongolia Jingtai Power Generation Co., Ltd.	Associate
Inner Mongolia Yitai Finance Company Limited	Associate which is a subsidiary of the parent company and owned as to 40.00% by the Company
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd.	Associate which is a subsidiary of the parent company and owned as to 20.00% by the Company
Inner Mongolia Yitai Tongda Coal Co., Ltd.	Associate
Inner Mongolia Yuanji Chemical Co., Ltd.	Associate (Explanation 1)

Explanation 1: The subsidiary of the Company, Inner Mongolia Yitai Chemical Co., Ltd., ultimately acquired control over Inner Mongolia Yuanji Chemical Co., Ltd. (hereinafter referred to as "Yuanji Chemical") at the 10 December 2021 through segment transactions, thus Yuanji Chemical no longer belonged to the related parties that are not included in the consolidated scope of the Company since 10 December 2021.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (IV) Information on other related parties

Name of other related party	Relationship between the other related party and the Company
Yitai (Group) Hong Kong Co., Ltd.	Wholly-owned subsidiary of the parent company
Yigudao (Beijing) Food Marketing Co., Ltd.	Indirect controlled subsidiary of the parent company
Yankuang Energy (Ordos) Company Limited	Shareholder of a subsidiary
Yanzhou Coal Chemical Supply and Sales Co., Ltd. (兗礦煤化供銷有限公司)	A subsidiary of a controlling shareholder of a subsidiary's shareholder
Xin Baoshen Railway Co., Ltd. (新包神鐵路有限責任公司)	Joint stock company
Shanxi Yudean Energy Co., Ltd.	A shareholder of a subsidiary
Inner Mongolia Machine Equipment Complete Co., Ltd.	A company controlled by the related natural person
Inner Mongolia Yiqiang New Energy Co., Ltd. (內蒙古益強新能源有限公司)	Director as the related natural person
Inner Mongolia Yitai Real Estate Co., Ltd.	A company controlled by the related natural person
Inner Mongolia Yitai Smart Logistics Co., Ltd. (內蒙古伊泰智能物流有限公司)	A company controlled by the related natural person
Inner Mongolia Yitai Impression Flowers Co., Ltd.	Indirect controlled subsidiary of the parent company
Inner Mongolia Yitai Information Technology Co., Ltd.	Associate of the parent company
Inner Mongolia Yitai New Energy Development Co., Ltd.	A wholly-owned subsidiary of the parent company
Inner Mongolia Yitai Western Coal Co., Ltd.	A controlled subsidiary of the parent company
Inner Mongolia Yitai Eco-agriculture Co., Ltd.	A controlled subsidiary of the parent company
Inner Mongolia Yitai Agricultural Development Co., Ltd.	Indirect controlled subsidiary of the parent company
Inner Mongolia Yitai Resources Management Co., Ltd. (內蒙古伊泰能源管理有限公司)	A company controlled by the related natural person
Inner Mongolia Yitai Coal-based New Materials Research Institute Co., Ltd.	Wholly-owned subsidiary of the parent company
Inner Mongolia Yitai Huafushijia Resort Co., Ltd. (內蒙古伊泰華府世家度假酒店有限公司)	A company controlled by the related natural person
Inner Mongolia Yitai Beimu Pastoral Resources Development Group	A controlled subsidiary of the parent company
Inner Mongolia Yitai Beimu Pastoral High-tech Co., Ltd.	Indirect controlled subsidiary of the parent company
Inner Mongolia Yitai Beiji International Trade Co., Ltd. (內蒙古伊泰北疆國際貿易有限公司)	Indirect controlled subsidiary of the parent company

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (IV) Information on other related parties (Continued)

Name of other related party	Relationship between the other related party and the Company
Inner Mongolia Jingtai Environmental Technology Co., Ltd. (內蒙古晶泰環境科技有限責任公司)	A company controlled by the related natural person
Inner Mongolia Jingning Thermal Power Co., Ltd. (內蒙古京寧熱電有限責任公司)	Wholly-owned subsidiary of the shareholder of a subsidiary
Inner Mongolia Jinglong Power Generation Co., Ltd.	Wholly-owned subsidiary of the shareholder of a subsidiary
Mengji Railway Co., Ltd.	Joint stock company
Keling Environmental Protection Co., Ltd.	A controlled subsidiary of the parent company
Hohhot Yitai Jingyuan Real Estate Co., Ltd. (呼和浩特伊泰景苑置業有限責任公司)	A company controlled by the related natural person
Hainan Yitai Real Estate Co., Ltd.	A company controlled by the related natural person
Guoan Big Data Technology Co., Ltd. (國安大數據科技有限公司)	A company controlled by the related natural person
Guangdong Power Industry Fuel Co., Ltd.	Subsidiary of a controlling shareholder of a subsidiary's shareholder
Ordos Yitai Investment Holding Co., Ltd. (鄂爾多斯市伊泰投資控股有限責任公司)	A company controlled by the related natural person
Beijing Yitai Lingnong Technology Co., Ltd. (北京伊泰領農科技有限公司)	Indirect controlled subsidiary of the parent company
Beijing Yitai Huafu Ecological Farm Co., Ltd. (北京伊泰華府生態農莊有限公司)	A company controlled by the related natural person
Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司)	A shareholder of a subsidiary
Shanghai Jingyu Environmental Engineering Co., Ltd. (上海晶宇環境工程股份有限公司)	A related natural person as the director
Yitai Jet Aviation(Shenzhen) Co., Ltd.	Wholly-owned subsidiary of the parent
Yitai Real Estate (Baotou) Co., Ltd.	A company controlled by the related natural person
Synfuels China Engineering Holdings Co., Ltd.	Indirect subsidiary of the parent company
Synfuels China Technology Co., Ltd.	Subsidiary of the parent company
Synfuels China Inner Mongolia Technology Institute Co., Ltd.	Indirect subsidiary of the parent company
Synfuels China Inner Mongolia Co., Ltd.	Indirect subsidiary of the parent company



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions

The related party transaction agreements entered into by the Company and related parties shall be carried out on the principle of voluntariness, equality and mutual benefit, and the transaction price shall be executed in accordance with the market price.

- The transactions between subsidiaries that have control relations and have been incorporated into the Company's consolidated financial statements and parent company have been offset.**
- Related party transactions on purchase of goods and acceptance of services**

Unit: RMB'0,000

Related party	Content of related party transactions	Amount in the current period	Amount in the last period
Inner Mongolia Yitai Information Technology Co., Ltd.	Software, operation and maintenance service and others	5,037.01	3,275.75
Inner Mongolia Machine Equipment Complete Co., Ltd.	Tender agent and supervision services	1,299.55	898.65
Synfuels China Inner Mongolia Co., Ltd.	Catalysts, intangible assets	10.00	11,892.41
Synfuels China Engineering Holdings Co., Ltd.	Equipment, technical services	10,099.43	1,118.98
Inner Mongolia Yitai Group Co., Ltd.	Coal	673,494.61	412,962.73
Yankuang Energy (Ordos) Company Limited	Coal	33,686.48	47,512.79
Keling Environmental Protection Co., Ltd.	Treatment of hazardous waste	2,343.26	2,977.73
Inner Mongolia Yitai Beimu Pastoral Resources Development Group	Agricultural by-products, greening services	653.24	663.59
Inner Mongolia Yitai New Energy Development Co., Ltd.	Electricity, equipment	9,147.56	3,036.81
Inner Mongolia Yitai Eco-agriculture Co., Ltd.	Agricultural by-products		779.70
Mengji Railway Co., Ltd.	Transportation services, electricity	99,048.49	49,710.55
Inner Mongolia Yitai Tongda Coal Co., Ltd.	Coal		99.28
Inner Mongolia Yuanji Chemical Co., Ltd.	Chemical products		414.36
Synfuels China Technology Co., Ltd.	Catalysts, equipment	37,861.84	15,447.34
Inner Mongolia Yitai Impression Flowers Co., Ltd	Flowers	84.86	73.23
Beijing Yitai Lingnong Technology Co., Ltd. (北京伊泰領農科技有限公司)	Agricultural by-products	147.99	70.95

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 2. Related party transactions on purchase of goods and acceptance of services (Continued)

Related party	Content of related party transactions	Amount in the current period	Amount in the last period
Inner Mongolia Jingtai Environmental Technology Co., Ltd.	Operation and maintenance services, technical services	5,439.08	4,258.23
Beijing Yitai Huafu Ecological Farm Co., Ltd.	Agricultural by-products		0.49
Inner Mongolia Yitai Beimu Pastoral High-tech Co., Ltd.	Agricultural by-products, fixed assets	0.41	4.31
Xin Baoshen Railway Co., Ltd.	Transportation services		1,076.29
Ordos Yitai Water Co., Ltd.(鄂爾多斯市水投杭旗水務有限公司)	Industrial water	1,245.80	1,238.01
Inner Mongolia Yitai Resources Management Co., Ltd.(內蒙古伊泰能源管理有限公司)	Management service	9.50	
Inner Mongolia Yiqiang New Energy Co., Ltd. (內蒙古益強新能源有限公司)	Geological management	3,667.40	1,018.75
Inner Mongolia Yitai Western Coal Co., Ltd.	Fixed assets, coal	0.12	84.88
Yitai Aviation Services (Shenzhen) Co., Ltd.	Fixed assets		2.21
Inner Mongolia Yitai Real Estate Co., Ltd.	Property management services		27.25
Shanxi Yudean Energy Co., Ltd.	Labor services	230.68	359.75
Yigudao (Beijing) Food Marketing Co., Ltd.	Agricultural by-products	189.90	33.16
Inner Mongolia Yitai Beijiing International Trade Co., Ltd.(內蒙古伊泰北疆國際貿易有限公司)	Agricultural by-products	11.72	
Guoan Big Data Technology Co., Ltd. (國安大數據科技有限公司)	Consultancy fee	592.47	
Yanzhou Coal Chemical Supply and Sales Co., Ltd. (兗礦煤化供銷有限公司)	Oil products	269.91	
Shanghai Jingyu Environmental Engineering Co., Ltd. (上海晶宇環境工程股份有限公司)	Material, technical services	1,106.09	
Total		<b>885,677.40</b>	<b>559,038.18</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 3. Related party transactions on sales of goods and provision of services

Unit: RMB'0,000

Related party	Content of related party transactions	Amount in the current period	Amount in the last period
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd.	Material and equipment	22.02	0.67
Inner Mongolia Jingtai Power Generation Co., Ltd.	Coal, oil products	49,141.49	54,586.71
Synfuels China Inner Mongolia Co., Ltd.	Oil products, liquefied gas, electricity, etc.	1,849.92	1,812.74
Keling Environmental Protection Co., Ltd.	Assets, electricity, materials, etc.	358.79	246.57
Inner Mongolia Yitai Tongda Coal Co., Ltd.	Electricity	3,620.56	3,723.14
Inner Mongolia Yitai Beimu Pastoral Resources Development Group	Oil products, assets, etc.	7.39	21.72
Inner Mongolia Jinglong Power Generation Co., Ltd.	Coal	22,574.34	17,588.38
Inner Mongolia Yitai New Energy Development Co., Ltd.	Electricity, coal, etc.	33.12	26.41
Synfuels China Technology Co., Ltd.	Common media, food and accommodation		179.57
Synfuels China Inner Mongolia Technology Institute Co., Ltd.	Equipment, chemical products, land use rights, food and accommodation	451.86	135.50
Inner Mongolia Yuanji Chemical Co., Ltd.	Chemical products		18,161.53
Inner Mongolia Yitai Real Estate Co., Ltd.	Fixed assets		1.92
Inner Mongolia Yitai Information Technology Co., Ltd.	Fixed assets		21.99
Guangdong Power Industry Fuel Co., Ltd.	Coal	72,862.19	44,585.13
Inner Mongolia Yitai Group Co., Ltd.	Management services, fixed assets	120.09	258.48
Inner Mongolia Yitai Coal-based New Materials Research Institute	Chemical products, equipment	165.50	9.19
Beijing Yitai Lingnong Technology Co., Ltd. (北京伊泰領農科技有限公司)	Fixed assets		0.80



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 3. Related party transactions on sales of goods and provision of services (Continued)

Related party	Content of related party transactions	Amount in the current period	Amount in the last period
Inner Mongolia Yitai Investment Co., Ltd.	Legal services	10.00	10.00
Ordos Gonggouyangta Storage and Transportation Co., Ltd.	Management services	630.66	630.66
Yigudao (Beijing) Food Marketing Co., Ltd.	Fixed assets	3.64	0.26
Inner Mongolia Jingning Thermal Power Co., Ltd. (內蒙古京寧熱電有限責任公司)	Coal	18,672.10	
Synfuels China Engineering Holdings Co., Ltd. (中科合成油工程有限公司)	Equipment	2.65	107.08
Inner Mongolia Yitai Resources Management Co., Ltd. (內蒙古伊泰能源管理有限責任公司)	Fixed assets	2.06	
Inner Mongolia Jingtai Environmental Technology Co., Ltd. (內蒙古晶泰環境科技有限責任公司)	Chemical products	10.39	
Inner Mongolia Yitai Eco-agriculture Co., Ltd.	Fixed assets		0.77
Inner Mongolia Yitai Agricultural Development Co., Ltd.	Fixed assets		0.77
Yitai Real Estate (Baotou) Co., Ltd.	Fixed assets		1.85
Inner Mongolia Yitai Finance Company Limited	Fixed assets, material	1.20	
Inner Mongolia Yitai Huafushijia Resort Co., Ltd. (內蒙古伊泰華府世家度假酒店有限責任公司)	Fixed assets	2.21	
Inner Mongolia Yitai Impression Flowers Co., Ltd.	Common media, coal	108.69	
Ordos Yitai Investment Holding Co., Ltd. (鄂爾多斯市伊泰投資控股有限責任公司)	Management service	2.83	
Total		<u>170,653.70</u>	<u>142,111.84</u>

4. There was no related entrusting business in the Company.

5. There was no related contracting business in the Company.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 6. Related party leasing

(1) The Company acts as a lessee Unit: RMB

Name of lessor	Type of leased assets	Rental expenses recognised in the period	Rental expenses recognised in last period
Hainan Yitai Real Estate Co., Ltd. (海南伊泰置業有限責任公司)	Vehicles	26,548.67	26,548.67
Inner Mongolia Yitai Beimu Pastoral Resources Development Group	Houses and buildings		77,105.50
Synfuels China Inner Mongolia Co., Ltd.	Land	18,472.62	
Hohhot Yitai Jingyuan Real Estate Co., Ltd. (呼和浩特伊泰景苑置業有限責任公司)	Vehicles	67,699.12	
Total		112,720.41	103,654.17



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 6. Related party leasing (Continued)

(2) The Company acts as a lessor Unit: RMB

Name of lessee	Type of leased assets	Rental expenses recognised in the period	Rental expenses recognised in last period
Inner Mongolia Yitai Group Co., Ltd.	Vehicles, houses and buildings	<b>113,073.57</b>	65,036.42
Keling Environmental Protection Co., Ltd.	Houses and buildings and equipment	<b>765,197.76</b>	775,998.62
Synfuels China Technology Co., Ltd.	Houses and buildings		160,655.05
Inner Mongolia Yitai Information Technology Co., Ltd.	Houses and buildings		22,935.78
Inner Mongolia Yitai Real Estate Co., Ltd.	Houses and buildings	<b>2,752,293.58</b>	2,752,293.58
Inner Mongolia Yitai New Energy Development Co., Ltd.	Land		1,698.20
Inner Mongolia Yitai Beimu Pastoral Resources Development Group	Houses and buildings		11,504.42
Inner Mongolia Yuanji Chemical Co., Ltd.	Houses and buildings		83,333.33
Inner Mongolia Yitai Eco-agriculture Co., Ltd.	Vehicles	<b>704.58</b>	
Inner Mongolia Yitai Smart Logistics Co., Ltd. (內蒙古伊泰智能物流有限公司)	Vehicles	<b>4,223.39</b>	
Guoan Big Data Technology Co., Ltd. (國安大數據科技有限公司)	Equipment	<b>27,522.94</b>	
Synfuels China Inner Mongolia Co., Ltd.	Houses and buildings	<b>104,510.38</b>	
Total		<b>3,767,526.20</b>	3,873,455.40

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 7. Financial services

###### (1) Acceptance of financial services from Inner Mongolia Yitai Group Finance Company Limited

In October 2020, the Company entered into the Financial Services Framework Agreement with Inner Mongolia Yitai Group Finance Company Limited (the "Finance Company") for a term of three years commencing from 1 January 2021 and ending on 1 January 2024, pursuant to which the Finance Company provided deposits, loans, commercial bills business and other financial services to the Company based on the Company's needs. Set out below is the provision of deposits, loans and other financial services by the Finance Company to the Company during the period:

					<i>Unit: RMB</i>
Items	Opening amount	Increase for the period	Decrease for the period	Closing amount	Interests and fees received or paid
Deposits with the Finance Company	10,176,469,760.45	154,299,850,959.82	153,361,498,431.99	<b>11,114,822,288.28</b>	40,782,766.57
Loans from the Finance Company	6,375,000,000.00	1,597,000,000.00	3,538,000,000.00	<b>4,434,000,000.00</b>	216,789,839.98
Commercial bills business		<u>20,000,000.00</u>		<u>20,000,000.00</u>	<u>9,433.96</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 8. Related party guarantees

- (1) The Company acts as a guarantor: nil
- (2) The Company acts as the guaranteed party

Unit: RMB

Name of guarantor	Guaranteed amount	Start date	Due date	Whether the guarantee has been fulfilled
Inner Mongolia Yitai Group Co., Ltd.	1,024,931.25	2014/11/19	2025/10/22	No
Inner Mongolia Yitai Group Co., Ltd.	1,691,950.00	2013/12/26	2029/11/10	No
Inner Mongolia Yitai Group Co., Ltd.	62,215,003.84	2020/9/30	2025/9/30	No
Inner Mongolia Yitai Group Co., Ltd.	7,156,600.00	2014/3/25	2028/3/25	No
Inner Mongolia Yitai Group Co., Ltd.	352,800,000.00	2017/6/28	2029/6/15	No
Inner Mongolia Yitai Group Co., Ltd.	78,400,000.00	2017/9/6	2028/12/15	No
Inner Mongolia Yitai Group Co., Ltd.	3,911,625.35	2017/7/25	2028/12/15	No
Inner Mongolia Yitai Group Co., Ltd.	17,248,000.00	2017/9/30	2028/12/15	No
Inner Mongolia Yitai Group Co., Ltd.	18,032,000.00	2017/10/31	2028/12/15	No
Inner Mongolia Yitai Group Co., Ltd.	17,248,000.00	2018/12/28	2028/12/15	No
Inner Mongolia Yitai Group Co., Ltd.	22,050,000.00	2018/1/16	2030/1/12	No
Inner Mongolia Yitai Group Co., Ltd.	14,693,893.22	2018/2/2	2030/1/12	No
Inner Mongolia Yitai Group Co., Ltd.	9,800,000.00	2018/2/2	2030/1/12	No
Inner Mongolia Yitai Group Co., Ltd.	14,700,000.00	2018/4/28	2030/1/12	No
Inner Mongolia Yitai Group Co., Ltd.	9,800,000.00	2018/4/28	2030/1/12	No
Inner Mongolia Yitai Group Co., Ltd.	49,000,000.00	2021/9/29	2024/9/28	No
Inner Mongolia Yitai Group Co., Ltd.	18,571,000.00	2014/1/9	2029/1/8	No
Inner Mongolia Yitai Group Co., Ltd.	7,350,000.00	2016/9/29	2031/9/28	No
Inner Mongolia Yitai Group Co., Ltd.	150,000,000.00	2020/3/31	2023/3/30	No
Inner Mongolia Yitai Group Co., Ltd.	1,170,000,000.00	2019/6/17	2031/6/16	No
<b>Total</b>	<b>2,025,693,003.66</b>			



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 9. Assets transfer and debt restructuring of related parties:

Unit: RMB'0,000

Related party	Content of related party transactions	Amount in the current period	Amount in the last period
Inner Mongolia Jingtai Power Generation Co., Ltd.	Overlaid compensation of mineral resources	28,224.00	
Total		28,224.00	

##### 10. Remuneration of Directors, Supervisors and key management personnel

###### (1) Total remuneration of Directors, Supervisors and key management personnel

Unit: RMB'0,000

Item	Amount in the current period	Amount in the last period
Total remuneration of Directors, Supervisors and key management personnel	3,455.49	1,903.74



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 10. Remuneration of Directors, Supervisors and key management personnel (Continued)

###### (2) Remuneration of Directors and Supervisors

The remuneration of directors and supervisors of the Group for 2022 are as follows:

Unit: RMB'0,000

Executive Directors	Fees	Salaries and allowances	Bonus	Pension	Total
Zhang Dongsheng	2.40				2.40
Ge Yaoyong	2.40				2.40
Liu Chunlin	2.40				2.40
Zhao Like	2.40				2.40
Zhang Jingquan	2.40	137.34	574.33	3.89	717.96
Liu Jian	2.40	125.98	467.91	3.89	600.18
Lv Junjie	2.40	119.91	409.22	3.89	535.42

Continued:

Independent non-executive Directors	Fees	Salaries and allowances	Bonus	Pension	Total
Wong Hin Wing	25.00				25.00
E Erdun Tao Ketao	20.00				20.00
Huang Sujian	18.33				18.33
Du Yingfen	20.00				20.00

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 10. Remuneration of Directors, Supervisors and key management personnel (Continued)

###### (2) Remuneration of Directors and Supervisors (Continued)

Continued:

Supervisors	Fees	Salaries and allowances	Bonus	Pension	Total
Chen Rong	1.20				1.20
Liu Xianghua	1.20				1.20
Jia Zheyu	1.20	27.26	48.37	3.89	80.72
Zhang Wei	1.20	47.04	269.81	3.89	321.94
Wang Yongliang	10.00				10.00
Wu Qu	10.00				10.00

The remuneration of directors and supervisors of the Group for 2021 are as follows:

Executive Directors	Fees	Salaries and allowances	Bonus	Pension	Total
Zhang Jingquan	2.40	176.86	152.48	3.65	335.39
Liu Chunlin	2.40				2.40
Lv Junjie	2.40	102.55	155.22	3.65	263.82
Zhang Dongsheng	2.40				2.40
Ge Yaoyong	2.40				2.40
Liu Jian	2.40	127.18	155.37	3.65	288.60
Lv Guiliang	2.40	84.27	71.06	3.35	161.08



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 10. Remuneration of Directors, Supervisors and key management personnel (Continued)

###### (2) Remuneration of Directors and Supervisors (Continued)

Continued:

Independent non-executive Directors	Fees	Salaries and allowances	Bonus	Pension	Total
Wong Hin Wing	25.00				25.00
Zhang Zhiming	8.33				8.33
E Erdun Tao Ketao	11.67				11.67
Huang Sujian	20.00				20.00
Du Yingfen	20.00				20.00

Continued:

Supervisors	Fees	Salaries and allowances	Bonus	Pension	Total
Zhang Zhenjin	0.60				0.60
Chen Rong					–
Liu Xianghua	1.20				1.20
Li Cailing	0.30				0.30
Jia Zheyu	1.20	31.00	26.04	3.21	61.45
Zhang Wei	1.20	72.38	126.40	3.65	203.63
Wang Yongliang	10.00				10.00
Wu Qu	10.00				10.00

Note: The Company has no amount to facilitate the directors or the supervisors to join the Company or the amount payable to the directors or the supervisors when they join the Company during the accounting year or the amount payable to the directors or the supervisors as compensation for their loss of any positions as director, supervisor or management personnel in the member in the issuer group. There were no directors who had waived or agreed to waive any compensation arrangement.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 10. Remuneration of Directors, Supervisors and key management personnel (Continued)

###### (3) Five highest paid employees

The remuneration of the five highest paid employees of the Group for 2022, which included 3 directors and 2 individuals (the five highest paid employees of the Group for 2021 included 1 director and 4 individuals) are as follows:

Item	Unit: RMB'0,000	
	2022	2021
Salaries and allowances	560.64	519.39
Bonus	2,351.63	1,508.73
Pension	19.44	18.27
Total	<u>2,931.71</u>	<u>2,046.39</u>

Of which: the number of highest paid employees who are not directors of the Company and whose remuneration falls within the following ranges are as follows:

Range (RMB)	Number of employees in 2022	Number of employees in 2021
HK\$4,500,001 to HK\$5,000,000		1
HK\$5,000,001 to HK\$5,500,000		3
HK\$5,500,001 to HK\$6,000,000		
HK\$6,000,001 to HK\$6,500,000	2	
Total	<u>2</u>	<u>4</u>

Note: The Company has no amount to facilitate the aforementioned highest paid personnel to join the Company or the amount payable to the highest paid personnel when they join the Company during the accounting year or the amount payable to the highest paid personnel as compensation for their loss of any positions as management personnel in the member in the issuer group.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 11. Accounts receivable from and payable to related parties

###### (1) Receivables from related parties of the Company

*Unit: RMB*

Items	Related party	Closing balance		Opening balance	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
Accounts receivable					
	Guangdong Power Industry Fuel Co., Ltd.	-		119,844,711.36	
	Keling Environmental Protection Co., Ltd.	1,270,918.87		4,310.00	
	Inner Mongolia Jinglong Power Generation Co., Ltd.	1,765,640.01		20,731,757.35	
	Inner Mongolia Jingtai Power Generation Co., Ltd.	84,884,271.07		142,495,053.94	
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	89,940.00		545,804.00	
	Inner Mongolia Yitai Beimu Pastoral Resources Development	-		8,546.59	
	Inner Mongolia Yitai Group Co., Ltd.	-		1,272,000.00	
	Inner Mongolia Yitai New Energy Development Co., Ltd.	8,556.81		29,867.98	
	Synfuels China Engineering Holdings Co., Ltd.	363,000.00		847,000.00	
	Synfuels China Technology Co., Ltd.	-		21,478.00	
	Synfuels China Inner Mongolia Technology Institute Co., Ltd.	-		1,169,268.24	
	Synfuels China Inner Mongolia Co., Ltd.	2,757,333.60		9,970,765.23	
	Inner Mongolia Yitai Coal-based New Materials Research Institute	-		35,000.00	
	Inner Mongolia Yitai Smart Logistics Co., Ltd. (內蒙古伊泰智能物流有限公司)	4,603.50			
	Inner Mongolia Jingning Thermal Power Co., Ltd. (內蒙古京寧熱電有限責任公司)	5,041,824.58			
	Inner Mongolia Yitai Tongda Coal Co., Ltd.	4,851,090.00			
Prepayments					
	Inner Mongolia Yitai Information Technology Co., Ltd.	-		509,257.50	
	Yankuang Energy (Ordos) Company Limited	31,998,948.59		1,522,876.80	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 11. Accounts receivable from and payable to related parties (Continued)

###### (1) Receivables from related parties of the Company (Continued)

Items	Related party	Closing balance		Opening balance	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
	Inner Mongolia Machine Equipment Complete Co., Ltd.	27,966,988.46		11,000,500.00	
	Xin Baoshen Railway Co., Ltd.	3,032.70		3,032.70	
	Inner Mongolia Yitai New Energy Development Co., Ltd.	983,730.68		-	
	Inner Mongolia Yiqiang New Energy Co., Ltd. (內蒙古益強新能源有限公司)	22,974,151.46		25,369,621.79	
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	2,981,323.48			
	Mengji Railway Co., Ltd.	142.37			
	Ordos Yitai Water Co., Ltd. (鄂爾多斯市水投杭旗水務有限公司)	24,569.60			
Other receivables					
	Ordos Tiandi Huarun Mine Equipment Co., Ltd.	-		8,372,681.49	8,372,681.49
	Ordos Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤田滅火工程有限責任公司)	937,371.29		937,371.29	
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	-		4,511.30	
	Synfuels China Engineering Holdings Co., Ltd.	210,328.02		210,328.02	
	Inner Mongolia Machine Equipment Complete Co., Ltd.	20,000.00			
	Ordos Gonggouyangta Storage and Transportation Co., Ltd.	195,379.67			

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 11. Accounts receivable from and payable to related parties (Continued)

##### (2) Accounts payables to related parties by the Company

		<i>Unit: RMB</i>	
Items	Related party	Closing balance	Opening balance
Notes payable			
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	–	19,000,000.00
	Inner Mongolia Machine Equipment Complete Co., Ltd.	–	5,000,000.00
	Inner Mongolia Yitai Information Technology Co., Ltd.	<b>5,773,069.27</b>	–
	Synfuels China Technology Co., Ltd.	<b>79,320,000.00</b>	49,840,000.00
	Synfuels China Engineering Holdings Co., Ltd.	<b>3,600,000.00</b>	
	Beijing Jingneng Power Co., Ltd.	<b>168,040,320.00</b>	
	Shanxi Yudean Energy Co., Ltd.	<b>168,040,320.00</b>	
Accounts payable			
	Ordos Yitai Water Co., Ltd.(鄂爾多斯市水投杭旗水務有限公司)	<b>12,430,456.56</b>	12,381,770.33
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	<b>5,427,404.63</b>	14,491,792.02
	Inner Mongolia Yitai New Energy Development Co., Ltd.	<b>94,476.80</b>	2,934,748.19
	Inner Mongolia Yitai Information Technology Co., Ltd.	<b>736,294.30</b>	1,308,158.55
	Inner Mongolia Machine Equipment Complete Co., Ltd.	–	35,696.00
	Synfuels China Engineering Holdings Co., Ltd.	<b>5,152,279.20</b>	3,370,027.38
	Synfuels China Technology Co., Ltd.	<b>49,885,104.70</b>	54,848,141.19
	Synfuels China Inner Mongolia Co., Ltd.	<b>111,640.00</b>	111,640.00
	Inner Mongolia Yitai Group Co., Ltd.	<b>789,809,812.08</b>	232,236,661.05
	Mengji Railway Co., Ltd.	–	1,453,860.22
	Shanghai Jingyu Environmental Engineering Co., Ltd. (上海晶宇環境工程股份有限公司)	<b>1,383,697.14</b>	
Other payables			
	Keling Environmental Protection Co., Ltd.	<b>3,243,110.97</b>	3,207,486.19



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (V) Related party transactions (Continued)

##### 11. Accounts receivable from and payable to related parties (Continued)

##### (2) Accounts payables to related parties by the Company (Continued)

Items	Related party	Closing balance	Opening balance
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	2,209,902.83	1,121,184.47
	Inner Mongolia Yitai Tongda Coal Co., Ltd.	60.30	60.30
	Inner Mongolia Yitai Information Technology Co., Ltd.	11,552,181.18	2,652,024.57
	Inner Mongolia Machine Equipment Complete Co., Ltd.	930,095.35	214,173.92
	Synfuels China Engineering Holdings Co., Ltd.	38,227,030.07	82,562,843.77
	Synfuels China Technology Co., Ltd.	1,714,198.92	36,000,000.00
	Inner Mongolia Yitai Group Co., Ltd.	14,841.90	7,122.84
	Mengji Railway Co., Ltd.	179,948.50	179,948.50
	Shanxi Yudean Energy Co., Ltd.	2,342,400.00	1,876,848.00
	Yitai (Group) Hong Kong Co., Ltd.	3,263.19	2,987.27
	Inner Mongolia Yitai Impression Flowers Co., Ltd.	417,159.82	
	Inner Mongolia Yitai New Energy Development Co., Ltd.	10,759,100.76	
	Inner Mongolia Yitai Beiji International Trade Co., Ltd.(內蒙古伊泰北疆國際貿易有限公司)	23,400.00	
	Shanghai Jingyu Environmental Engineering Co., Ltd. (上海晶宇環境工程股份有限公司)	259,605.00	
Contract liabilities			
	Inner Mongolia Jingtai Environmental Technology Co., Ltd.	4,354.83	4,354.83
	Inner Mongolia Jingtai Power Generation Co., Ltd.	106,766.43	1,027.81
	Inner Mongolia Yitai Tongda Coal Co., Ltd.	–	2,561,543.86
	Inner Mongolia Yitai Impression Flowers Co., Ltd.	71,962.29	71,189.73
	Synfuels China Inner Mongolia Co., Ltd.	234,475.22	481,712.39
	Inner Mongolia Yitai Coal-based New Materials Research Institute	280,720.16	

##### 12. Commitments of related parties: Nil



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

XI. THERE WAS NO SHARE-BASED PAYMENT IN THE COMPANY DURING THE PERIOD.

## XII. COMMITMENTS AND CONTINGENT EVENTS

### (I) Significant commitments

#### 1. Capital commitment

Unit: RMB'0,000

Item	2023	2022
Capital expenditures approved by the Board	308,049.81	105,895.12

2. Save for the aforesaid commitments, as of closing balance, there were no other significant commitments that shall be disclosed by the Company.

### (II) Significant contingent events as at the balance sheet date

#### 1. Contingent events arising from pending litigation or arbitration and their financial implication

Plaintiff	Defendant	Case	Court	Worth of the subject (RMB'0,000)	Progress
Inner Mongolia Beilian Electric Energy Development Co. Ltd. ("Bei Energy Company")	Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵駿刺溝礦業有限公司) ("Suancigou")	Infringement disputes	Ordos Intermediate People's Court	15,869.62	Waiting for notification

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XII. COMMITMENTS AND CONTINGENT EVENTS (Continued)

#### (II) Significant contingent events as at the balance sheet date (Continued)

##### 1. Contingent events arising from pending litigation or arbitration and their financial implication (Continued)

On 1 April 2020, Bei Energy Company initiated a proceeding against Suancigou Company, details of which are set out as follows: Bei Energy Company considered that it was the owner of Jingtian mining rights in Dongping, Junger Banner, Inner Mongolia and obtained the Mining Resources Exploration License (《礦產資源勘查許可證》) on 31 December 2005. In 2006, Suancigou commenced its construction on the special railway line of Suancigou, a branch of which passed through Dongping Jingtian resulting in the overlaying on coal resources in Dongping Oilfield. As a result, the coal resources under that overlaying part cannot be developed and utilized. As reviewed and confirmed by the experts of Department of Land and Resources of Inner Mongolia Autonomous Region (內蒙古自治區國土資源廳), the special railway line of Suancigou has overlaid the coal resources in Dongping Jingtian with an overlaid amount of 34,801,800 tonnes or a minimum exploitable amount of 27,841,440 tonnes. Bei Energy Company is required to make a payment of not less than RMB158,696,200 to regain aforementioned amount of resources reserve under the current market condition. Suancigou, the defendant, considered that approval procedures for the construction of its special railway line project was conducted earlier than Bei Energy Company obtaining the mine exploration rights, and that Bei Energy Company did not possess the mine exploration rights when it was handling the application and approval procedures for overlaying and when competent authorities issued their review opinions on the overlaying, and therefore, it was not subject to any overlaying compensation or indemnity. Even though Bei Energy Company is entitled to claim for overlaying compensation or indemnity, the computation used by Bei Energy Company, the plaintiff, for the overlaying compensation or indemnity does not comply with the standard set out in relevant documents. This case was ended by the court on 6 November 2020, and a civil ruling was issued on 16 April 2021. The court held that administrative licensing or administrative examination and approval was not within the scope of the court to accept the case, and rejected the lawsuit of Inner Mongolia Beilian Electric Energy Development Co., Ltd. We received an appellate petition of Bei Energy Company on 31 May 2021 that it required to repeal the (2020 Nei 06 Min Chu 114) ruling by the Intermediate Court and required the retrial of the case. We received a notice on 10 September 2021 that the Higher Court of Inner Mongolia repealed the (2020 Nei 06 Min Chu 114) Civil Ruling by the Intermediate Court of Ordos, and stated that the case would be heard by the Intermediate Court of Ordos. It was heard by Intermediate Court on 16 February 2022. On 16 March 2022, the court ruled to dismiss all claims of the plaintiff. In April 2022, a notice of appeal was received from Inner Mongolia Beilian Electric Energy Development Co. Ltd. The appeal hearing took place in the Higher Court on 3 August 2022. We received the Civil Ruling that vacated the civil judgement made by the Intermediate Court of Ordos and granted a new trial of the case.

For the above-mentioned pending litigation and other pending lawsuits in which the Company is the defendant, if the management of the Company, based on their judgments and taking into account the legal opinions, are able to reasonably estimate the outcome of the litigation, the Company will provide for estimated losses in respect of the losses that may be incurred in such litigation. If the outcome of the litigation cannot be reasonably estimated or the management believe that it will not result in a capital outflow, the Company will not provide for the estimated losses in respect of the pending litigation.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XII. COMMITMENTS AND CONTINGENT EVENTS (Continued)

#### (II) Significant contingent events as at the balance sheet date (Continued)

##### 1. Contingent events arising from pending litigation or arbitration and their financial implication (Continued)

For disputes, litigations or claims arising from the Company's claim of interests against customers, suppliers, etc., in the ordinary course of business, after consulting with relevant legal counsels and reasonably evaluating the outcome of such pending disputes, litigations or claims by the management, the Company will make separate provision for bad debts in connection with those disputes, litigations or claims that are likely to cause losses to the Company. For those that are currently unable to be reasonably evaluated their outcomes or the management of the Company believes they will not materially and adversely affect the Company's operating results or financial position, the Company will not make separate provision for bad debts.

As of 31 December 2022, in addition to the above litigations, the Company is not subject to any litigation or claim that have a material adverse effect on the Company's operating results and financial position, and other significant contingent events that should have been disclosed.

### XIII. POST-BALANCE SHEET DATE EVENT

#### (I) Profit distribution

On 29 March 2023, the Company convened the twenty-sixth meeting of the eighth session of the Company, at which the Proposal on the Profit Distribution Plan of Inner Mongolia Yitai Coal Co., Ltd. in 2022 was considered and approved, and no profit distribution was proposed. The proposal is subject to be submitted to shareholders for consideration at a general meeting.

#### (II) The Company's disposals of subsidiaries

On 9 March 2023, the Company transferred all its shares in the controlled subsidiary, Inner Mongolia Yitai International Energy Trade Co., Ltd., to Inner Mongolia Yitai International Energy Co., Ltd. (內蒙古伊泰國際能源有限公司). Prior to the transfer, the Company did not make actual capital contribution and thereafter the Company ceases to have direct control over Inner Mongolia Yitai International Energy Trade Co., Ltd. (內蒙古伊泰國際能源貿易有限公司).

#### (III) Except for the above matters, the Company has no other post-balance sheet date event.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XIV. QUALITATIVE AND QUANTITATIVE DISCLOSURES IN RELATION TO LEASES

Disclosures as a lessee:

#### (I) Leases

As a lessee, the Company leases premises as offices, warehouses and others mainly for daily business activities.

#### (II) Short-term leases and low-value asset leases upon simplified treatment

The Company recognizes leases with a lease term of no more than 12 months with no purchase option as short-term leases.

The Company recognizes leases with lower value when a single leased asset is a brand-new asset is recognized as a low-value asset lease.

#### (III) Potential future cash outflow that are not included in the measurement of lease liabilities: None

1. Variable lease payments: Nil
2. Renewal option: Nil
3. Discontinued lease option: Nil
4. Residue value guarantee: Nil
5. A lease that the lessee has committed but has not yet started: Nil

#### (IV) Restriction or commitment arising from leases: Nil

#### (V) Sale and leaseback: Nil

Disclosures as a lessor:

#### (I) Leases

As a lessor, the Company leases out building that are temporarily vacant in its daily business activities.

#### (II) Risk management strategies for rights retained in leased assets: Nil

### XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS

#### (I) Annuity plan

The main contents and material changes of the annuity plan can be found in Note 28. Employee benefits payable – Description of defined contribution plan under Note VI. Notes to Major Items of the Financial Statements.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS (Continued)

#### (II) Segment information

##### 1. Determination criterion and accounting policies of the reporting segments

Operating segments of the Company are identified on the basis of internal organization structure, management requirements and internal reporting system. An operating segment represents a component of the Company that satisfied the following criteria simultaneously:

- (1) Its business activities are engaged to earn revenue and incur expenses;
- (2) Its operating results are regularly reviewed by the management to make decisions on resources allocation and performance assessment;
- (3) Its financial conditions, operating results, cash flow and related accounting information are available to the Company.

The Company determines the reporting segment based on the operating segment, and the operating segment that meets any of the following conditions is determined as the reporting segment:

- (1) The segment income of the operating segment accounts for 10.00% or more of total income of all segments;
- (2) The absolute amount of profits (losses) of the segment account for 10.00% or more of the higher of the absolute amount of total profits of the profitable segment and the absolute amount of total losses of the unprofitable segment.

Where the proportion of the total external revenue of the operating segment determined to be reporting segments according to the accounting policies above does not amount to 75.00%, the number of reporting segments should be increased; operating segments that are not determined to be reporting ones can be included in the scope of reporting ones according to the following rules till the proportion reaches 75.00%:

- (1) The operating segments, which the management believes may be useful for users of accounting information if their information is disclosed, are determined as reporting segments;
- (2) One or more operating segments with economic features with similar features that are qualified for combination the operating segment are combined as one reporting segment.

The transfer price among segments is determined with reference to the market price, and assets used jointly by segments and relevant expenses are distributed among segments according to the proportion of income.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS (Continued)

#### (II) Segment information (Continued)

##### 2. Factors considered when determine reporting segments of the Company, types of products and services of reporting segments

The Company's reporting segments are business units that offer different products and services. Since various businesses require different technologies and market strategies, the Company separately manages the production and operation activities of each reporting segment, and evaluates their operating results respectively to determine the resources allocation and evaluates their business results.

The Company has three reporting segments: coal segment, coal-related chemical segment and transportation segment. The coal segment is responsible for the production and sale of coal products; the coal-related chemical segment is responsible for the production and sale of coal-related chemical products; the transportation segment is responsible for providing railway and road transportation services.

##### 3. Financial information of the reporting segments

Unit of amount: RMB'0,000

Item	Closing balance/Amount in the current period					Total
	Coal segment	Coal chemical segment	Transportation segment	Others	Elimination	
I. Operating revenue	5,081,082.43	1,048,548.28	186,948.28	3,598.45	-255,510.58	6,064,666.86
Of which: revenue from external transactions	4,957,100.23	1,048,093.39	57,238.79	2,234.45		6,064,666.86
Revenue from inter-segment transactions	123,982.21	454.88	129,709.49	1,364.00	-255,510.58	0.00
II. Operating expenses	3,331,618.99	942,680.67	153,032.78	7,602.38	-256,834.09	4,178,100.73
Of which: Depreciation and amortization expenses	134,605.60	90,004.93	56,485.34	450.73	-1,290.91	280,255.69
III. Income from investment in associates and joint ventures	101,164.67	-39.30	776.59	-68.85		101,833.11
IV. Credit impairment loss	260,450.69	93.50			-260,585.38	-41.19
V. Asset impairment loss	212,832.79	325,034.69			-212,086.57	325,780.91
VI. Total profit (loss)	1,388,962.44	-327,894.68	19,451.45	8,497.18	440,961.66	1,529,978.05
VII. Income tax expense	357,877.55	13,269.71	3,503.55	2,001.62	-79,232.83	297,419.60
VIII. Net profit (loss)	1,031,084.86	-341,164.39	15,947.90	6,495.57	520,194.50	1,232,558.44
IX. Total assets	7,170,634.04	2,224,995.36	1,144,702.02	311,286.93	-1,729,905.09	9,121,713.26
X. Total liabilities	2,001,202.36	1,639,099.31	265,633.47	74,013.61	-696,164.26	3,283,784.49
XI. Other significant non-monetary items						
1. Capital expenditure	172,533.99	55,196.72	14,119.79	228.46		242,078.96

Explanation: Long-term assets of coal chemical projects comprise fixed assets, construction in progress and intangible assets, and the carrying amount of long-term assets at the end of the period amounted to RMB18,963,833,200 in total, representing 20.79% of total assets.

#### (III) Other significant transactions and events affecting investors' decision-making: Nil



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

#### Note 1. Accounts receivable

##### 1. Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year	<b>3,054,648,347.87</b>	277,702,652.97
1 to 2 years	<b>167,521.36</b>	125,850,089.40
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		
Sub-total	<b>3,054,815,869.23</b>	403,552,742.37
Less: Bad debts provisions		
Total	<b><u>3,054,815,869.23</u></b>	<u>403,552,742.37</u>

##### 2. Disclosure of classification of accounts receivable

Category	Book balance		Closing balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable that provided expected credit losses on single basis					
Accounts receivable that provided expected credit losses on portfolio basis	<b>3,054,815,869.23</b>	<b>100.00</b>			<b>3,054,815,869.23</b>
Of which: customers with extremely low credit risk	<b>3,054,815,869.23</b>	<b>100.00</b>			<b>3,054,815,869.23</b>
Total	<b><u>3,054,815,869.23</u></b>	<b><u>100.00</u></b>			<b><u>3,054,815,869.23</u></b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 1. Accounts receivable (Continued)

#### 2. Disclosure of classification of accounts receivable (Continued)

Continued:

Category	Book balance		Opening balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable that provided expected credit losses on single basis					
Accounts receivable that provided expected credit losses on portfolio basis	403,552,742.37	100.00			403,552,742.37
Of which: customers with extremely low credit risk	403,552,742.37	100.00			403,552,742.37
<b>Total</b>	<b>403,552,742.37</b>	<b>100.00</b>			<b>403,552,742.37</b>

Description of classification of accounts receivable:

- (1) There was no accounts receivable that provided expected credit losses on single basis as at the end of the period
- (2) Accounts receivable in the portfolio for which expected credit losses are provided based on credit risk characteristics portfolio

Portfolio	Accounts receivable	Closing balance	
		Loss provision	Percentage (%)
Customers with extremely low credit risk	3,054,815,869.23		
<b>Total</b>	<b>3,054,815,869.23</b>		



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 1. Accounts receivable (Continued)

##### 2. Disclosure of classification of accounts receivable (Continued)

Continued:

Portfolio	Accounts receivable	Opening balance Loss provision	Percentage (%)
Customers with extremely low credit risk	403,552,742.37		
Total	403,552,742.37		

Explanation of recognition basis of the portfolio: clients with good credit and frequent business relationship and amounts with extremely low credit risks after assessment.

- There was no provision, recovery or reversal of loss provision by the Company during the period.
- There was no accounts receivable actually written off by the Company during the reporting period.
- Closing balance of top five account receivables by debtors

Name of entity	Closing balance	Percentage in the closing balance of accounts receivable (%)	Provision for bad debts
The largest	2,084,044,226.84	68.22	
The second largest	341,067,263.95	11.16	
The third largest	241,553,341.14	7.91	
The fourth largest	156,938,120.39	5.14	
The fifth largest	68,735,861.74	2.25	
Total	2,892,338,814.06	94.68	

- There was no accounts receivable subject to derecognition by the Company due to the transfer of financial assets at the end of period.
- There was no assets and liabilities of the Company arising from transfer of and continued involvement in accounts receivables at the end of period.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables

Item	Closing balance	Opening balance
Dividends receivable	<b>1,926,087,360.00</b>	1,056,000,000.00
Other receivables	<b>4,626,640,350.47</b>	9,787,867,126.68
Total	<b><u>6,552,727,710.47</u></b>	<u>10,843,867,126.68</u>

#### (I) Dividends receivable

##### 1. Dividends receivable

Investee	Closing balance	Opening balance
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤化有限責任公司)	<b>900,000,000.00</b>	120,000,000.00
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	<b>988,087,360.00</b>	936,000,000.00
Inner Mongolia Yitai Baijialiang Coal Co., Ltd. (內蒙古伊泰白家梁煤炭有限公司)	<b>38,000,000.00</b>	
Total	<b><u>1,926,087,360.00</u></b>	<u>1,056,000,000.00</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (I) Dividends receivable (Continued)

##### 2. Significant dividends receivable with aging over 1 year at the end of the reporting period

Investee	Closing balance	Aging	Reasons for uncollected amounts	Whether the amount is impaired and reasons
Inner Mongolia Yitai Jingyue Suancang Mining Co., Ltd. (内蒙古伊泰京粤酸刺沟矿业有限责任公司)	<u>52,087,360.00</u>	1-2 years	Not paid by the investee	No
Total	<u>52,087,360.00</u>			

##### (II) Other receivables

##### 1. Disclosure of other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year	<b>497,746,177.20</b>	2,315,753,888.27
1 to 2 years	<b>394,943,558.62</b>	5,150,709,171.77
2 to 3 years	<b>3,901,493,477.16</b>	5,490,216,379.14
3 to 4 years	<b>2,102,881,171.47</b>	45,778,760.39
4 to 5 years	<b>45,676,055.00</b>	54,276,997.57
Over 5 years	<b>45,616,731.70</b>	
Sub-total	<b>6,988,357,171.15</b>	13,056,735,197.14
Less: Bad debts provisions	<b>2,361,716,820.68</b>	<u>3,268,868,070.46</u>
Total	<b>4,626,640,350.47</b>	<u>9,787,867,126.68</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 2. Disclosure of classification of other receivables

Category	Book balance		Closing balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables that provided expected credit losses on single basis	5,912,821,009.94	84.61	2,361,716,820.68	39.94	3,551,104,189.26
Other receivables that provided expected credit losses on portfolio basis	1,075,536,161.21	15.39			1,075,536,161.21
Of which: customers with extremely low credit risk	1,075,536,161.21	15.39			1,075,536,161.21
<b>Total</b>	<b>6,988,357,171.15</b>	<b>100.00</b>	<b>2,361,716,820.68</b>	<b>33.80</b>	<b>4,626,640,350.47</b>

Continued:

Category	Book balance		Opening balance		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables that provided expected credit losses on single basis	5,585,544,179.78	42.78	3,268,868,070.46	58.52	2,316,676,109.32
Other receivables that provided expected credit losses on portfolio basis	7,471,191,017.36	57.22			7,471,191,017.36
Of which: customers with extremely low credit risk	7,471,191,017.36	57.22			7,471,191,017.36
<b>Total</b>	<b>13,056,735,197.14</b>	<b>100.00</b>	<b>3,268,868,070.46</b>	<b>25.04</b>	<b>9,787,867,126.68</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 2. Disclosure of classification of other receivables (Continued)

Description of classification of other receivables:

- (1) Closing balance includes other receivables that provided expected credit losses on single basis

Name of entity	Other receivables	Closing balance		Reason
		Loss provisions	Percentage (%)	
Yitai Yili Energy Co., Ltd. (伊泰伊犁能源有限公司)	5,835,874,591.61	2,291,455,896.36	39.26	Expected to be partially unrecoverable
Ulanqab Yitai Coal Sales Co., Ltd. (烏蘭察布市伊泰煤炭銷售有限公司)	60,402,272.88	56,982,936.08	94.34	Expected to be partially unrecoverable
Inner Mongolia Tianhe Water Co., Ltd. (內蒙古天河水務有限公司)	7,228,579.20	7,128,579.20	98.62	Expected to be partially unrecoverable
GD Yitai Dongsheng Power Generation Co., Ltd. (國電伊泰東勝發電有限公司)	4,000,000.00	833,842.79	20.85	Expected to be partially unrecoverable
Jin Li (靳莉)	2,078,540.35	2,078,540.35	100.00	Expected to be unrecoverable
Finance Division, Department of Land and Resources of Inner Mongolia Autonomous Region (內蒙古自治區國土資源廳財務處)	1,292,830.00	1,292,830.00	100.00	Expected to be unrecoverable
Chen Youhua (陳有華)	870,970.00	870,970.00	100.00	Expected to be unrecoverable
Yang Xiaofeng (楊小鳳)	719,705.70	719,705.70	100.00	Expected to be unrecoverable
Shanghai Ordos Real Estate Management Co., Ltd. (上海鄂爾多斯置業經營管理有限公司)	192,980.20	192,980.20	100.00	Expected to be unrecoverable
Zhang Dingchen (張鼎臣)	160,540.00	160,540.00	100.00	Expected to be unrecoverable
<b>Total</b>	<b>5,912,821,009.94</b>	<b>2,361,716,820.68</b>	<b>-</b>	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 2. Disclosure of classification of other receivables (Continued)

- (2) Other receivables in the portfolio for which expected credit losses are provided based on credit risk characteristics portfolio

Portfolio	Other receivables	Closing balance Loss provisions	Percentage (%)
Customers with extremely low credit risk	<u>1,075,536,161.21</u>		
Total	<u>1,075,536,161.21</u>		

Continued:

Portfolio	Other receivables	Opening balance Loss provisions	Percentage (%)
Customers with extremely low credit risk	<u>7,471,191,017.36</u>		
Total	<u>7,471,191,017.36</u>		

Explanation of recognition basis of the portfolio: clients with good credit and frequent business relationship and amounts with extremely low credit risks after assessment.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 3. Disclosure of impairment of financial assets by three phases

Item	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Phase I	1,075,536,161.21		1,075,536,161.21	7,471,191,017.36		7,471,191,017.36
Phase II	16,544,145.45	13,277,988.24	3,266,157.21	16,444,145.45	13,277,988.24	3,166,157.21
Phase III	5,896,276,864.49	2,348,438,832.44	3,547,838,032.05	5,569,100,034.33	3,255,590,082.22	2,313,509,952.11
Total	<u>6,988,357,171.15</u>	<u>2,361,716,820.68</u>	<u>4,626,640,350.47</u>	<u>13,056,735,197.14</u>	<u>3,268,868,070.46</u>	<u>9,787,867,126.68</u>

##### 4. Loss provision for other receivables

Loss provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses (no credit impairment occurred)	Lifetime expected credit losses (credit impairment occurred)	
Opening balance		13,277,988.24	3,255,590,082.22	3,268,868,070.46
Opening balance during the period				
Transfer into the phase III				
Provisions during the period			2,605,853,780.07	2,605,853,780.07
Recovery or reversal during the period			2,474,679.45	2,474,679.45
Write-off during the period			3,510,530,350.40	3,510,530,350.40
Other changes during the period				-
Closing balance		13,277,988.24	2,348,438,832.44	2,361,716,820.68



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

5. During the period, loss provisions were RMB2,605,853,780.07, reversal or recovery of loss provision was RMB2,474,679.45.

Other receivables with significant amount of bad debt provision reversal or recovery during the reporting period

Name of entity	Amount of reversal or recovery	Method of reversal or recovery	Remark
Ulanqab Yitai Coal Sales Co., Ltd. (烏蘭察布市伊泰煤炭銷售有限公司)	1,127,831.97	Deposits at banks	
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)	1,346,847.48	Deposits at banks	
Total	<u>2,474,679.45</u>		

6. Other receivables actually written off by the Company during the reporting period

Item	Write-off amount
Other receivables actually written off	3,510,530,350.40

The important write-off of other receivables is as follows:

Name of entity	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedure performed	Whether generated by a related party transaction
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)	Intercompany funds	7,025,834.01	Bankruptcy and liquidation	Approval by the management	Yes
Yitai Xinjiang Energy Co., Ltd. (伊泰新疆能源有限公司)	Intercompany funds	3,503,504,516.39	Deregistration and liquidation	Approval by the management	Yes
Total		<u>3,510,530,350.40</u>			

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

##### 7. Classification of other receivables by nature

Item	Closing balance	Opening balance
Transfer of assets		302,641,778.71
Transfer of equity		519,166,340.28
Current accounts	<b>6,860,069,922.33</b>	12,106,850,720.94
Advances	<b>138,700.25</b>	208,356.99
Security	<b>121,866,313.40</b>	122,796,035.44
Employee borrowing	<b>6,256,035.17</b>	5,053,164.78
Deposits	<b>26,200.00</b>	18,800.00
Total	<b><u>6,988,357,171.15</u></b>	<b><u>13,056,735,197.14</u></b>

##### 8. Closing balances of top five other receivables collected as per the borrowers

Name of entity	Nature of amounts	Closing balance	Aging	Proportion to closing balance of other receivables (%)	Closing balance of provisions for bad debts
The largest	Current accounts	151,730,534.43	Within 1 year	2.17	2,291,455,896.36
		301,251,210.19	1-2 years	4.31	
		3,738,004,626.80	2-3 years	53.49	
		1,513,514,277.52	3-4 years	21.66	
The second largest	Current accounts	290,573,536.84	Within 1 year	4.16	
		76,410,569.03	1-2 years	1.09	
		160,764,502.00	2-3 years	2.30	
		222,173,816.50	3-4 years	3.18	
The third largest	Current accounts	177,000,000.00	3-4 years	2.53	
The fourth largest	Current accounts	14,102,550.00	Within 1 year	0.20	
The fifth largest	Security	100,813,350.00	3-4 years	1.44	
		12,779,255.00	1-2 years	0.18	
		28,994,835.00	3-4 years	0.41	
		30,476,055.00	4-5 years	0.44	
		31,810,875.00	Above 5 years	0.46	
Total		<b><u>6,850,399,993.31</u></b>		<b><u>98.02</u></b>	<b><u>2,291,455,896.36</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 2. Other receivables (Continued)

##### (II) Other receivables (Continued)

9. There were no accounts receivable of the Company involved government subsidies at the end of the period.
10. There were no other receivables subject to derecognition by the Company due to the transfer of financial assets at the end of period.
11. There were no assets and liabilities of the Company arising from transfer of and continued involvement in other receivables at the end of period.

#### Note 3. Long-term equity investment

Nature of amounts	Closing balance			Opening balance		
	Book balance	Impairment provisions	Carrying value	Book balance	Impairment provisions	Carrying value
Investment in subsidiaries	16,425,305,051.95	2,170,865,655.71	14,254,439,396.24	16,656,299,750.33	1,276,720,000.00	15,379,579,750.33
Investments in associates and joint ventures	<u>9,333,599,227.46</u>		<u>9,333,599,227.46</u>	9,414,817,446.18	250,288.45	<u>9,414,567,157.73</u>
Total	<u>25,758,904,279.41</u>	<u>2,170,865,655.71</u>	<u>23,588,038,623.70</u>	<u>26,071,117,196.51</u>	<u>1,276,970,288.45</u>	<u>24,794,146,908.06</u>

# XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

## Note 3. Long-term equity investment (Continued)

### 1. Investment in subsidiaries

Investee	Initial investment cost	Opening balance	Increase during the period	Decrease during the period	Closing balance	Impairment provisions during the period	Closing balance of impairment provisions
Inner Mongolia Yitai Beoshan Coal Co., Ltd. (內蒙古伊泰寶山煤炭有限責任公司)	215,447,203.47	215,447,203.47			215,447,203.47		
Inner Mongolia Yitai Jingyue Suancangou Mining Co., Ltd. (內蒙古伊泰京粵蘇利溝礦業有限責任公司)	561,600,000.00	561,600,000.00			561,600,000.00		
Yitai Energy (Shanghai) Co., Ltd. (伊泰能源(上海)有限公司)	50,000,000.00	50,000,000.00			50,000,000.00		
Yitai Energy Investment (Shanghai) Co., Ltd. (伊泰能源投資(上海)有限公司)	50,000,000.00	50,000,000.00			50,000,000.00		
Yitai Supply Chain Finance Services Co., Ltd. (伊泰供應鏈金融服務(深圳)有限公司)	100,000,000.00	100,000,000.00			100,000,000.00		
Yitai Share (Hong Kong) Co., Ltd. (伊泰(股份)香港有限公司)	19,136,100.00	19,136,100.00			19,136,100.00		
Ulanqab Yitai Coal Sales Co., Ltd. (烏蘭察布市伊泰煤炭銷售有限公司)	50,000,000.00	50,000,000.00			50,000,000.00		50,000,000.00
Inner Mongolia Yitai Huzhuhai Railway Co., Ltd. (內蒙古伊泰呼淮鐵路有限公司)	2,903,354,802.53	2,903,354,802.53			2,903,354,802.53		
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	2,142,164,439.33	1,200,160,000.00	942,004,439.33		2,142,164,439.33	704,725,655.71	704,725,655.71
Yitai Yili Energy Co., Ltd. (伊泰伊犁能源有限公司)	1,416,140,000.00	1,416,140,000.00			1,416,140,000.00	1,416,140,000.00	1,416,140,000.00
Yitai Yili Mining Co., Ltd. (伊泰伊犁礦業有限公司)	609,752,000.00	591,300,000.00	18,452,000.00		609,752,000.00		
Yitai Xinjiang Energy Co., Ltd. (伊泰新疆能源有限公司)	1,226,720,000.00	1,226,720,000.00		1,226,720,000.00			
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	5,707,343,782.02	5,707,343,782.02			5,707,343,782.02		
Inner Mongolia Yitai Petrochemical Co., Ltd. (內蒙古伊泰石油化工有限公司)	269,713,734.17	269,713,734.17			269,713,734.17		

## XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

### Note 3. Long-term equity investment (Continued)

#### 1. Investment in subsidiaries (Continued)

Investee	Initial investment cost	Opening balance	Increase during the period	Decrease during the period	Closing balance	Impairment provisions during the period	Closing balance of impairment provisions
Inner Mongolia Yitai Railway Investment Co., Ltd. (內蒙古伊泰鐵路投資有限責任公司)	560,000,000.00	550,000,000.00	30,000,000.00		580,000,000.00		
Yitai Shanxi Coal Transportation and Sales Co., Ltd. (伊泰(山西)煤炭運銷有限責任公司)	50,000,000.00	50,000,000.00			50,000,000.00		
Yitai Bohai Energy Co., Ltd. (伊泰渤海能源有限責任公司)	50,000,000.00	50,000,000.00			50,000,000.00		
Yitai Chongqing Research Institute of Synthetic Materials Co., Ltd. (重慶伊泰騰方合成新材料研究院有限公司)	3,000,000.00	3,000,000.00		3,000,000.00			
Inner Mongolia Anchuang Inspection and Testing Co., Ltd. (內蒙古安創檢驗測有限公司)	1,000,000.00	1,000,000.00			1,000,000.00		
Hangzhou Xinyu Investment Management Partnerships (Limited Partnership) (杭州信聿投資管理合夥企業(有限合夥))	895,841,020.17	917,272,157.88		21,431,137.71	895,841,020.17		
Inner Mongolia Yitai Dadi Coal Co. Ltd. (內蒙古伊泰大地煤炭有限公司)	261,723,477.11	261,723,477.11			261,723,477.11		
Yitai Equity Investment Management Co., Ltd. (伊泰股權投資管理有限公司)	472,088,493.15	442,388,493.15	29,700,000.00		472,088,493.15		
Shanghai Lingang Yitai Supply Chain Co., Ltd. (上海臨港伊泰供應鏈有限公司)	20,000,000.00	20,000,000.00			20,000,000.00		
<b>Total</b>	<b>17,655,025,051.95</b>	<b>16,656,299,750.33</b>	<b>1,020,156,439.33</b>	<b>1,251,151,137.71</b>	<b>16,425,305,051.95</b>	<b>2,120,865,655.71</b>	<b>2,170,865,655.71</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 3. Long-term equity investment (Continued)

##### 2. Investments in associates and joint ventures

Investee	Opening balance	Additional investments	Decrease in investments	Changes in the period	
				Gain or loss of investment recognized using equity approach	Adjustments to other comprehensive income
<b>I. Joint ventures</b>					
Shanghai Jitai Petrochemical Technology Co., Ltd. (上海暨泰石化科技有限公司)	2,982,370.47				
Inner Mongolia Dadi Xiongxin Film Company Limited (內蒙古大地雄心影業有限公司)		10,000,000.00			
Sub-total	2,982,370.47	10,000,000.00			
<b>II. Associates</b>					
Inner Mongolia Yitai Tongda Coal Co., Ltd. (內蒙古伊泰同達煤炭有限責任公司)	177,815,980.22			207,026,077.12	
Inner Mongolia Yitai Finance Company Limited (內蒙古伊泰財務有限公司)	577,019,812.74			117,208,715.43	
Inner Mongolia Jingtai Power Generation Co., Ltd. (內蒙古京泰發電有限責任公司)	567,330,530.77	81,849,600.00		78,209,169.03	
Chifeng Hua Yuan Wine & Spirits Co., Ltd. (赤峰華遠酒業有限公司)	13,857,115.61			-1,008,639.81	
Ordos Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤田滅火工程有限責任公司)					
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)			-31,500,000.00		
Inner Mongolia Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤化工有限責任公司)	8,075,561,347.92			612,484,434.47	
Sub-total	9,411,584,787.26	81,849,600.00	-31,500,000.00	1,013,919,756.24	
Total	9,414,567,157.73	91,849,600.00	-31,500,000.00	1,013,919,756.24	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 3. Long-term equity investment (Continued)

##### 2. Investments in associates and joint ventures (Continued)

Continued:

Investee	Changes in the period				Closing balance	Closing balance of impairment provisions
	Changes in other equity	Declaration of payment of cash dividend or profit	Impairment provisions	Others		
<b>I. Joint ventures</b>						
Shanghai Jitai Petrochemical Technology Co., Ltd. (上海暨泰石化科技有限公司)					2,982,370.47	
Inner Mongolia Dadi Xiongxin Film Company Limited (內蒙古大地雄心影業有限公司)					10,000,000.00	
Sub-total					12,982,370.47	
<b>II. Associates</b>						
Inner Mongolia Yitai Tongda Coal Co., Ltd. (內蒙古伊泰同達煤炭有限責任公司)	6,064,083.79	-222,000,000.00			168,906,141.13	
Inner Mongolia Yitai Finance Co., Ltd. (內蒙古伊泰財務有限公司)		-68,000,000.00			626,228,528.17	
Inner Mongolia Jingtai Power Generation Co., Ltd. (內蒙古京泰發電有限責任公司)	4,211.83	-2,805,582.13			724,587,929.50	
Chifeng Huayuan Liquor Factory Co., Ltd. (赤峰華遠酒業有限公司)					12,848,475.80	
Ordos Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤田滅火工程有限責任公司)						
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)				31,500,000.00		
Yitai Guanglian Coal Chemical Co., Ltd. (內蒙古伊泰廣聯煤化工有限責任公司)		-900,000,000.00			7,788,045,782.39	
Sub-total	6,068,295.62	-1,192,805,582.13		31,500,000.00	9,320,616,856.99	
Total	6,068,295.62	-1,192,805,582.13		31,500,000.00	9,333,599,227.46	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 4. Operating income and operating cost

##### 1. Operating income, operating cost

Item	Amount in current period		Amount in previous period	
	Income	Cost	Income	Cost
Principal businesses	43,255,977,186.58	32,517,439,355.74	35,195,156,709.13	27,147,784,343.86
Other businesses	356,915,224.22	114,385,804.22	225,516,081.85	86,829,895.95
Total	43,612,892,410.80	32,631,825,159.96	35,420,672,790.98	27,234,614,239.81

##### 2. Income generated from contracts

Category of contract	Amount in current period		Total
	Coal segment	Others	
(1) Main business regions			
Northeast China	117,502,638.09	—	117,502,638.09
North China	9,206,791,200.05	17,975,469.01	9,224,766,669.06
East China	25,605,312,195.28	—	25,605,312,195.28
South China	4,626,983,882.05	—	4,626,983,882.05
Central China	68,933.63	—	68,933.63
Northwest China	4,038,258,092.69	—	4,038,258,092.69
Sub-total	43,594,916,941.79	17,975,469.01	43,612,892,410.80
(2) Main product types			
Coal	43,243,749,910.97	—	43,243,749,910.97
Other products disclosed in income from principal businesses	—	12,227,275.61	12,227,275.61
Other products disclosed in income from other businesses	351,167,030.82	5,748,193.40	356,915,224.22
Sub-total	43,594,916,941.79	17,975,469.01	43,612,892,410.80
(3) Revenue recognition time			
Transferred at a point of time	43,594,916,941.79	17,975,469.01	43,612,892,410.80



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 4. Operating income and operating cost (Continued)

##### 2. Income generated from contracts (Continued)

(continued):

Type of contract	Amount in previous period		Total
	Coal segment	Others	
(1) Main business regions			
Northeast China	85,982,324.32		85,982,324.32
North China	8,826,992,907.72	28,395,819.33	8,855,388,727.05
East China	21,064,059,891.78		21,064,059,891.78
South China	4,057,702,722.16		4,057,702,722.16
Central China	136,387,380.28		136,387,380.28
Northwest China	1,221,151,745.39		1,221,151,745.39
Sub-total	35,392,276,971.65	28,395,819.33	35,420,672,790.98
(2) Main product types			
Coal	35,182,324,549.67		35,182,324,549.67
Others products disclosed in revenue from principal businesses		12,832,159.46	12,832,159.46
Others products disclosed in revenue from other businesses	209,952,421.98	15,563,659.87	225,516,081.85
Sub-total	35,392,276,971.65	28,395,819.33	35,420,672,790.98
(3) Revenue recognition time transfer at a certain point in time	35,392,276,971.65	28,395,819.33	35,420,672,790.98



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVI. EXPLANATORY NOTES TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

#### Note 5. Investment income

Item	Amount in current period	Amount in previous period
Income from long-term equity investments under equity method	1,013,919,756.24	529,004,236.82
Income from long-term equity investments under cost method	6,992,362,521.93	3,523,591,687.79
Investment income from disposal of trading financial assets	5,183,279.70	
Investment income received during the period of ownership from investment in other equity instruments	145,642,028.08	199,652,932.06
Investment income from disposal of long-term equity investments	-2,979,434.38	45,817,619.10
Investment income from holding of debt investments	1,225,038.01	296,284.60
Others	-5,639,333.36	-4,936,766.61
<b>Total</b>	<b>8,149,713,856.22</b>	<b>4,293,425,993.76</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVII.SUPPLEMENTARY INFORMATION

#### (i) Non-recurring profit or loss statement of the period

Item	Amount in the current period	Explanation
Profit or loss from disposal of non-current assets	-419,318,443.98	
Tax refunds or relief subject to ultra vires or without official approval		
Government subsidies recognized in profit or loss of the period (except for government subsidies which are closely related to the Company's operations, and granted in a fixed amount or quantity in conformity with the common standards of the State)	266,984,014.92	
Capital occupancy fee charged from non-financial enterprises recognized in profit or loss of the period		
Gains representing the difference between investment costs for acquisition of subsidiaries, associates and joint ventures and the shares of the fair value of identifiable net assets of investees		
Profit or loss from exchange of non-monetary assets		
Profit or loss from investment or management of assets entrusted to the others	12,628,570.77	
Provision for impairment of assets due to force majeure such as natural disasters		
Profit or loss from debt restructuring		
Corporate restructuring costs, such as employee placement expenses and integration costs		
Profit or loss representing the difference between the unfair transaction consideration and the fair value of the transaction		
Net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the current period to the date of merger		
Profit or loss from contingencies not related to the ordinary operations of the Company		
Investment incomes from financial assets available-for-trading, changes in the fair value from trading financial liabilities, disposals of trading financial assets, trading financial liabilities and investment in other equity instruments, except for effective hedging business related to normal operating of the Company	124,208,359.66	
Reversal of the provisions for impairment of receivables subject to impairment test separately	1,346,847.48	
Profit or loss from external entrusted loans		



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVII.SUPPLEMENTARY INFORMATION (Continued)

#### (i) Non-recurring profit or loss statement of the period (Continued)

Item	Amount in the current period	Explanation
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
One-off adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting		
Fees income from custodian business		
Other non-operating incomes and expenses other than the abovementioned items	-233,799,813.41	
Other profit or loss items falling within the meaning of non-recurring profit or loss		
Less: Impact of income tax	-92,160,637.11	
Less: Impact of minority shareholders' interests (after tax)	35,150,817.86	
Total	-190,940,645.31	

#### (II) Net return rate of assets and earnings per share

Profit generated during the reporting period	Weighted average net return rate of assets (%)	Earning per shares	
		Basic earning per share	Diluted earning per share
Net profit attributable to ordinary shareholders of the Company	24.26	3.37	/
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	24.68	3.43	/

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders and the number of ordinary shares issued at the end of the year. Since there were no any potential ordinary shares issued by the Group for the years ended 31 December 2022 and 31 December 2021, the diluted earnings per share had not been calculated. The calculation of basic earnings per share is based on the following:

Surplus	31 December 2022 (RMB)	31 December 2021 (RMB)
Net profit attributable to ordinary shareholders	10,975,354,792.47	8,643,452,999.77
Number of shares		
Number of ordinary shares issued at the end of the year	3,254,007,000.00	3,254,007,000.00

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVII.SUPPLEMENTARY INFORMATION (Continued)

#### (III) Supplementary disclosure of the Group's operating costs classified by nature:

Item	Note	2022	2021
Cost of sale of commercial goods	Note 45	<b>35,831,703,131.75</b>	31,264,692,951.11
Labor cost	Note 45	<b>488,447,459.14</b>	562,551,283.27
Depreciation of fixed assets	Note 16	<b>1,976,814,655.91</b>	1,857,659,861.31
Depreciation of investment properties	Note 15	<b>40,994,530.73</b>	38,139,872.19
Amortisation of intangible assets	Note 19	<b>166,897,489.48</b>	171,548,913.16
Amortisation of long-term deferred expenses	Note 20	<b>609,935,805.71</b>	638,860,267.25
Depreciation of right-of-use assets	Note 18	<b>7,914,444.87</b>	6,442,758.13
Total depreciation and amortisation		<b><u>2,802,556,926.70</u></b>	<b><u>2,712,651,672.04</u></b>

#### (IV) Supplementary disclosure of capital management:

Item	2022/12/31	2021/12/31
Interest-bearing borrowings	<b>16,383,493,364.11</b>	25,514,149,291.74
Long-term bonds	<b>314,892,513.13</b>	2,511,233,905.67
Trade and bills payables	<b>7,577,229,955.03</b>	4,112,007,112.12
Financial liabilities at fair value through profit or loss		
Financial liabilities included in other payables and accruals	<b>1,194,365,415.45</b>	2,491,669,969.08
Other borrowings	<b>1,365,824,741.27</b>	977,304,952.06
Less: Cash and cash equivalents	<b>21,341,295,275.84</b>	17,070,891,520.47
Net debt	<b>5,494,510,713.15</b>	18,535,473,710.20
Equity attributable to equity holders of the parent company	<b>49,579,782,507.33</b>	40,867,521,573.06
Minority interest	<b>8,799,505,196.03</b>	8,803,846,939.87
Total equity and net liability of the parent company	<b>55,074,293,220.48</b>	59,402,995,283.26
Gearing ratio	<b>9.98%</b>	31.20%

As at 31 December 2022, the Company's capital mainly came from capital generated from business operation, bank borrowings and net proceeds from fund raising in the capital market. The capital of the Company was mainly used for investment in production facilities and equipment for coal, coal-related chemicals and railway operations, repayment of the Company's debt, as well as the working capitals and normal recurring expenses.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### XVII.SUPPLEMENTARY INFORMATION (Continued)

#### (V) Dividend

Item	2022	2021
Ordinary shares dividend	3,026,226,510.00	
Total	3,026,226,510.00	

On 29 March 2023, the Company convened the twenty-sixth meeting of the eighth session of the Company, at which the Proposal on the Profit Distribution Plan of Inner Mongolia Yitai Coal Co., Ltd. in 2022 was considered and approved, and no profit distribution was proposed. The proposal is subject to be submitted to shareholders for consideration at a general meeting.

**Inner Mongolia Yitai Coal Co., Ltd.**

**March 29, 2023**



## APPENDIX I

### INNER MONGOLIA YITAI COAL CO., LTD. 2022 ANNUAL ENVIRONMENT, SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE REPORT OF INNER MONGOLIA YITAI COAL CO., LTD.

#### DESCRIPTION OF THE REPORT

Inner Mongolia Yitai Coal Co., Ltd. – 2022 Annual Environment, Social Responsibility and Corporate Governance Report is an annual report which gives a systematic description of Inner Mongolia Yitai Coal Co., Ltd.’s practices of corporate social responsibility, and the acts and performance in pursuit of maximal economic, environmental and social and governance value in the year 2022 in an objective, standardized, good-faith and transparent principle.

- **Subjects of the Report**

The report subjects are Inner Mongolia Yitai Coal Co., Ltd. and its subsidiaries. For easy expression and reading, “Inner Mongolia Yitai Coal Co., Ltd.” is also referred to as “the Company” or “our Company” or “Company Ltd.” in this report.

- **Time Frame**

The time range covers the period from 1 January 2022 to 31 December 2022. Taking into account the continuity and comparability of information disclosure, certain content may be beyond the said time frame.

- **Scope of the Report**

This report involves in Inner Mongolia Yitai Coal Co., Ltd. and its subsidiaries.

- **Basis of Preparation**

This report was prepared according to Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited, with reference to the Notice on Strengthening the Fulfilment of Social Responsibility by Listed Companies and Issuing Shanghai Stock Exchange Guidelines on Environmental Information Disclosure of Listed Companies, Shanghai Stock Exchange Guidelines on Environmental Information Disclosure of Listed Companies, the Guidelines for Compiling Corporate Social Responsibility Report, and the GRI Sustainability Reporting Standards issued by Global Sustainability Standard Board (“GSSB”).



- **Principles of Reporting**

**Materiality:** Our ESG materiality is determined by the Board, and communication with stakeholders, identification process of substantive issues and the matrix of substantive issues are disclosed in this report.

**Quantitative:** Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in the definitions of the report.

**Balance:** This report provides an unbiased picture of the Company's performance during the reporting period and avoids selections, omissions, or presentation formats that may inappropriately affect readers of the report in making their decision or judgment.

**Consistency:** The statistical methodology used in reaching the data in this report is consistently adopted.

- **Principle of Data Processing**

The financial data in this report are derived from the audited annual report of Inner Mongolia Yitai Coal Co., Ltd. prepared in accordance with Chinese Accounting Standards for Business Enterprises and other data are from the Company's internal and relevant statistical data. In case of any discrepancy from the annual report, the annual report shall prevail.

- **Availability of the Report**

The report is prepared in English, and you can download its electronic version at the website of Shanghai Stock Exchange, the Hong Kong Stock Exchange or the website of Inner Mongolia Yitai Coal Co., Ltd..

URL: <http://www.sse.com.cn/> or <http://www.hkexnews.hk/> or <http://www.yitaicoal.com/>

- **Contact**

Contact Tel: 0477-8565732

Fax: 0477-8565415

Post Code: 017000

Address: Yitai Building, North Tianjiao Road, Dongsheng District, Ordos, Inner Mongolia





## SENIOR MANAGEMENT'S STATEMENT

Amid the complex and severe environment at home and abroad and various risks and challenges in 2022, the Company has been adhering to the philosophy of “given priority to ecological protection and promoting green development”, persisting in integrity and legal compliance and actively assuming social responsibility. It focused on safety production and environmental protection and the general keynote of seeking progress while maintaining stability, acceleration of low-carbon transformation, optimization of industrial structure layout, deepening management reform and innovation empowerment. The corporate governance level was further enhanced and all industries were moving towards high quality development.

In 2022, the Company produced commodity coal of 48,305,300 tonnes and sold coal of 66,000,500 tonnes. In railway segment, the Company dispatched 90,531,600 tonnes of coal in total. In coal chemical segment, the Company produced various oil products and chemicals of 1,400,600 tonnes. The Company recorded an operating revenue of RMB60.647 billion, and net profit attributable to the owners of the parent of RMB10.975 billion.

### Assuming safety production responsibility and building safety awareness

Safety is an important cornerstone to ensure the Company's sustainable development and a lifeline for the Company's survival and development. The Company has established solidly a safe development concept and red-line awareness and always prioritize employees' safety and its production safety. It persists in the production safety policy of “safety first, prevention as focus and integrated governance” and its idea of “two precedences”, “two authorizations” abandoning “laziness, paralysis and complacency”, tries to comply with laws and regulations on safety production, assumes its responsibility as a principal for safety production, guarantees investment in safety production and improves the responsibility system for safe production to consolidate the standard management basis for safe production. The overall effectiveness of the Company's safety supervision has been continuously enhanced, the interface of security responsibilities at all levels has become clearer, and its ability in major risk management and control has been further improved.

### Accelerating the accomplishment of the dual carbon target with a focus on climate change

Upholding the environment and energy policy of “hundred-year Yitai, green energy, energy conservation, efficiency enhancement and sustainable development”, the Company resolutely implements the national decision of “carbon peak” and “carbon neutrality” to effectively avoid and control carbon trading and carbon quota performance risks, push forward greenhouse gas emissions reduction and promote green and low-carbon development of the Company. In 2022, the Company vigorously advanced its coverage in new energy industries in active response to the requirements for controlling energy consumption. At present, the 3MWp distributed PV project of Talahao Mine and the 5.9MWp new energy PV project of the plant area of Suancigou Mine have been completed and put into use. The 5.9MWp new energy PV project of waste dump of Suancigou is under construction. Power generation of established projects in 2022 amounted to 8,492,000 kwh, which reduced carbon emission of approximately 4,958.5 tonnes. The Company vigorously implemented energy conservation technology transformation projects, and completed 7 energy conservation transformation projects throughout the year, which saved approximately 5,451.7 tonnes of standard coal.



## Optimizing product services and development quality

Upholding the operating philosophy of “zero defect in product quality and 100% customer satisfaction”, the Company continued to enhance the construction of quality management system, extensively carried out quality supervision and quality and efficiency improvement projects to improve the product quality, production efficiency as well as customer satisfaction in all respect. In 2022, the SHQ management system of the Company continued to improve, various management work can be proceeded as required by the ISO management system, and the application effectiveness of the dynamic cycle management mode, namely the “process method + PDCA + risk-based thinking” system, has been further highlighted. The SHQ management system maintained effective operation and the certification and registration qualification at the “National Certified and Accredited Information Public Service Platform” by Certification and Accreditation Administration of the PRC, which enhanced corporate image, reputation, popularity and competitiveness in the industry.

## Sticking to talent strategy and consolidating foundation for innovation

People-oriented, the Company sticks to establish a harmonious employment relation by paying continuous attention to growth and development of employees and actively building an equal, unit, harmonious and diverse team. The Company actively practices employee care to create a good atmosphere for talent development. In order to facilitate talent cultivation and stimulate employee vitality, the Company established the performance program principle of “long-term guidance and short-term fine-tuning” and an employee training and development platform to keep optimizing the occupational development path of employees and push forward talent team building.

With the enhancement of scientific and technological innovation capability and improvement of scientific and technological innovation system, the innovation vitality of the Company is released by continuously promoting the industrialization of major scientific and technological achievements and industry-university-research cooperation and high-level talent training. In 2022, the Company has built a “1+2+3+N” scientific and technological innovation platform system guided by national enterprise technology centre, based on the three achievement transformation bases in Dalu New District, Hangjin Banner South Industrial Park and High-tech Zone and supported by N innovation carries. The “key technology of gangue grouting and filling in coal mining space” of the Company was awarded first prize for science and technology by the PRC coal industry association in 2022.

## Dedicating to philanthropy and performing social responsibilities

The Company adheres to achieving success peacefully, assuming social responsibility actively and demonstrating responsibility with practical actions. Yitai strives to serving the nation and feedback the society with practical actions to support local economic and social development, and implementing rural revitalization and strategic deployment while taking the initiative to give full play to its own advantages to help build a better home. In 2022, the grassroots unit of the Company continued to organize rural revitalization and relevant activity and provided assistance to 27 villages and towns in total in cash of RMB24,829,900, with 714 beneficiaries. Meanwhile, the Company also made great efforts in supporting education cause, education fund donation and voluntary services and donated RMB230 million in total throughout the year.



## ABOUT US

Inner Mongolia Yitai Coal Co., Ltd. is a listed company in “B+H” shares markets sponsored exclusively and funded by Inner Mongolia Yitai Group Co., Ltd.. The Company was founded in August 1997, and in the same year listed on Shanghai Stock Exchange where its stock is referred to as “Yitai B Shares” (stock code 900948). In July 2012, the Company was listed on the Stock Exchange of Hong Kong Limited, where its stock is referred to as “Yitai Coal” (stock code 03948). The Company is a large clean energy enterprise based on coal production, transportation and sale and integrating railway and coal chemical business.

The Company has abundant coal resources reserve with high quality, and it adopts a highly modernized mode in coal mining. The Company directly owns and controls 10 coal mines in total. As a major product of the Company at present, environment-friendly and quality thermal coal mainly serves as fuel coal of enterprises in downstream thermal power, construction materials, chemical and other industries. The Company runs its businesses in North China, East China, South China, Central China, Northeast China, Northwest China and other regions, and has established long-term, friendly and mutually beneficial strategic partnership with users from thermal power, metallurgy, construction materials and chemical industries. Such partnership had delivered satisfactory brand benefits.

The Company owns a well-established transport system comprising railway network, road and supporting infrastructure. The Company also actively stepped up the construction of equipped railway network through self-operation or capital contribution to promote its capacity in delivery and sales of coal. Currently, the Company controls and operates 3 main railways: Zhundong Railway, Huzhun Railway and a special railway line for Suancigou Mine. At the same time, the Company also holds shares in Xin Baoshen Railway (15% equity interest), Zhunshuo Railway (12.36% equity interest), Mengji Railway (9% equity interest), South Ordos Railway (3.9226% equity interest), and Haoji Railway (2% equity interest). In addition, the Company has built a 150-kilometer road spanning the surrounding mining area with Caoyang highway as its main line in the quality-coal-rich Nalinmiao Area. Over the years, the Company has been continuously increasing investment in technology and equipment in railway management. Its capacity in coal delivery has been continuously improved. The designed capacity of its self-operated railway reached 220 million tonnes per year, coal delivery capacity exceeded 100 million tonnes per year and a complete transportation network covering the Company’s major mining areas was built, which creates good conditions for coal transportation of the Company and its surrounding areas.

The Company has been committed to developing clean coal technology, increasing added value of its products and extending coal industry chain to construct large coal chemical projects in Inner Mongolia and Xinjiang under the support of the world-leading indirect coal liquefaction technology. The Company will complete transformation and upgrading of the coal chemical industry towards “green and environmental protection, energy conservation and low carbon, innovation-driven leadership, efficiency improvement” and create advantages of upstream and downstream integration jointly with the coal sector, which will be used as the cornerstone for the Company’s long-term and sustainable development.



## AWARDS AND HONOURS

Awards	Issuing authority
Advanced Grassroots Party Branch of the Party Building Alliance in Energy Industry of Ordos	Organization Department of Ordos Party Committee, Communist Party of Chin (CPC)
The Inner Mongolia Charity Award of the First Session	Department of Civil Affairs of Inner Mongolia Autonomous Region
Caring Enterprises in Common Prosperity Fundraising activity in Ejin Horo Banner	Ejin Horo Banner Committee of CPC, People's Government of Ejin Horo Banner
Advanced Entity in Respect to Teachers	Education Bureau of Dongsheng District, Ordos, Dongsheng Education Development Foundation of Ordos

### 1. ESG MANAGEMENT

#### 1.1 ESG management concept and strategy

- *Board's statement on ESG*

The Board of the Company, which attaches great importance to environment, social and governance (“ESG”) issues, engages in supervising relevant ESG matters and assesses risks and opportunities the Company faces in deciding the sustainability strategy based on the management and operation and communication and expectation with stakeholders, so as to determine the highlights of the Company’s sustainability initiatives. It regularly reviews the ESG management policies, strategy formulation and fulfillment of goals and ESG performance to better fulfill the responsibilities for sustainable development. The Board is also responsible for reviewing the disclosure in the Company’s Environment, Social and Corporate Governance Report. The report was also reviewed by the Board before issuance.

The report discloses in detail the progress and effectiveness of the ESG initiatives in 2022 of Yitai and has been considered and approved at the 26th meeting of the eighth session of the board of directors held in 29 March 2023. The board of directors and all directors of Yitai warrant that there are no false representations or misleading statements contained in, or material omissions from, this report; and accept liability for the truthfulness, accuracy and completeness of the content of this report.

- *ESG philosophy and goal*

The Company upholds the philosophy of “given priority to ecological protection and promoting green development” and continuously facilitates ESG management. It stresses on integrating ESG concept into existing management system, maintaining the energy policy of “hundred-year Yitai, green energy, energy conservation, efficiency enhancement and sustainable development” and continuously improve pollutant prevention and control and energy consumption dual control mechanism to coordinately advance low carbon technology and new energy application. It actively seeks for the ESG management model applicable to its own development to promote a green, low carbon and high-quality development mode.



The Company established an ESG management system covering three aspects, namely “decision-making, management and execution”, formulated responsive strategies and advancement plan based on its ESG governance focus and guided each functional department and business unit to integrate relevant efforts into its daily operation.

– Decision-making: The board of directors of the Company is responsible for considering and decision-making of significant matters, regular inspection of ESG management policy, strategy formulation and fulfillment of goals and ESG performance and annual review on ESG report.

– Management: The management is responsible for coordinating and advancing relevant ESG initiatives of the Company; formulating ESG management approach, strategy and relevant objectivity of the Company, determining various social responsibility issues and organizing, researching and formulating relevant management initiatives and performance indicators and facilitating their implementation.

– Execution: The executive body comprises relevant functional department of the Company and is responsible for specific execution of ESG policies and goals and is the body to handle with routine business and coordination of the Company.

## 1.2 Stakeholder communication and issues identification

- *Stakeholder communication*

The Company maintained communication with stakeholders, and has established a diversified communication channel, to keep listening to the expectations and demands of stakeholders, and responded promptly to their feedback. While operating in compliance with laws, the Company is committed to fulfilling its social responsibilities and creating value for stakeholders. From the perspective of sustainable development, the Company organized and formed a stakeholder communication schedule to provide a basis for the Company’s identification of material issues.

	Expectations and Stakeholders Demand	Way of Communication	Response
Shareholders	<ul style="list-style-type: none"> <li>– Sustained and stable business growth</li> <li>– Standardized and clean operation</li> <li>– Timely and accurate information disclosure</li> <li>– Responsible investment</li> <li>– ESG responsibility concept</li> <li>– ESG governance structure</li> </ul>	<ul style="list-style-type: none"> <li>– Periodic disclosure</li> <li>– General meeting</li> <li>– Investor investigation</li> <li>– Results presentation</li> <li>– Teleconference</li> </ul>	<ul style="list-style-type: none"> <li>– Stable operation</li> <li>– Timely and effective information disclosure</li> <li>– Investment management</li> </ul>

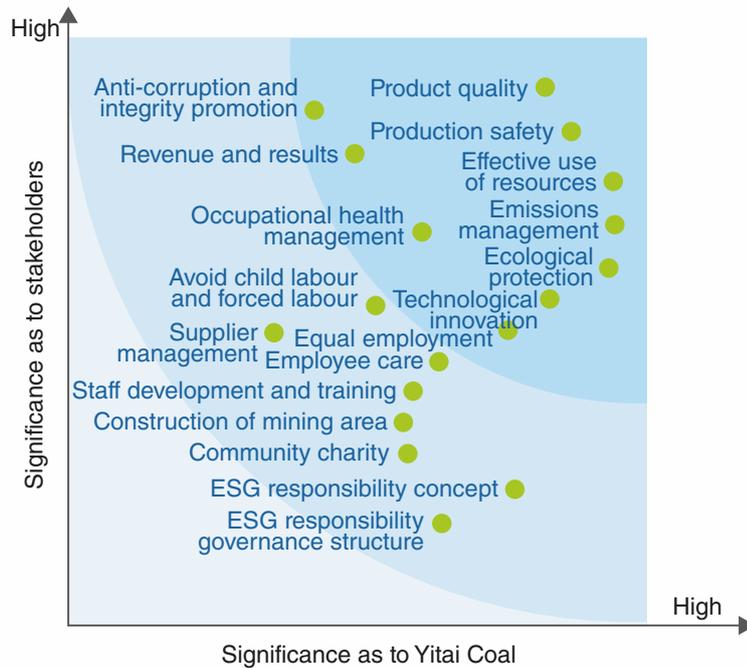


Stakeholders	Expectations and Demand	Way of Communication	Response
Government authorities and regulators	<ul style="list-style-type: none"> <li>– Operation safety</li> <li>– Legal compliance</li> <li>– Stable tax revenue growth</li> <li>– Serving local economy</li> <li>– Promoting the development of the industry</li> </ul>	<ul style="list-style-type: none"> <li>– Special report</li> <li>– Policy interpretation</li> <li>– Information announcement</li> </ul>	<ul style="list-style-type: none"> <li>– Compliant management</li> <li>– Compliance with laws and regulations</li> <li>– Paying tax according to the law</li> <li>– Construction in mining area</li> <li>– Railway operation</li> <li>– Technological innovation</li> </ul>
Environment	<ul style="list-style-type: none"> <li>– Compliant pollutant emissions</li> <li>– Saving energy and resources</li> <li>– Improving energy utilization efficiency</li> <li>– Ecological protection</li> </ul>	<ul style="list-style-type: none"> <li>– Environmental information disclosure</li> <li>– Insight into trend</li> <li>– Technological innovation</li> <li>– Awareness improvement</li> </ul>	<ul style="list-style-type: none"> <li>– Establishment of environmental management system</li> <li>– Emissions management</li> <li>– Effective use of resources</li> <li>– Minimizing environmental impact</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Equal employment opportunities</li> <li>– Reasonable salary and welfare</li> <li>– Smooth development channel</li> <li>– Safe and healthy working environment</li> <li>– Employee care</li> </ul>	<ul style="list-style-type: none"> <li>– Daily communication</li> <li>– Communication platforms such as e-mail and website</li> <li>– Employee representative meetings</li> <li>– Employee activities</li> </ul>	<ul style="list-style-type: none"> <li>– Equal employment</li> <li>– Diversified recruitment</li> <li>– Occupational promotion channel</li> <li>– Training system</li> <li>– Occupational health management</li> <li>– Employee care activities</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– Provide quality compliant coal and coal chemical products</li> <li>– Stable and efficient railway operation</li> </ul>	<ul style="list-style-type: none"> <li>– Customer visits</li> <li>– Customer service call and e-mail</li> <li>– Mobile platform</li> <li>– Satisfaction questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>– Quality management</li> <li>– Technological innovation</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>– Transparent procurement</li> <li>– Win-win cooperation</li> <li>– Honouring its commitment</li> </ul>	<ul style="list-style-type: none"> <li>– Partner meeting</li> <li>– Supplier visits</li> <li>– Online service platform</li> </ul>	<ul style="list-style-type: none"> <li>– Supply chain responsibility management</li> <li>– Sunshine procurement</li> <li>– Green procurement</li> </ul>
Community	<ul style="list-style-type: none"> <li>– Environmental protection</li> <li>– Response to national policies</li> <li>– Community assistance</li> </ul>	<ul style="list-style-type: none"> <li>– Understanding community demands and national key projects</li> </ul>	<ul style="list-style-type: none"> <li>– Environmental charity</li> <li>– Targeted poverty alleviation</li> <li>– Charity activities</li> <li>– Volunteer activities</li> </ul>



- **Materiality matrix**

The Company identifies environmental, social and governance issues based on the actual situations and industry features, and communicates with the stakeholders to evaluate, identify and rank issues in terms of the significance of the issues to stakeholders and to the environment and society, and subsequently forms a matrix of material ESG issues of the Company and makes key disclosures.



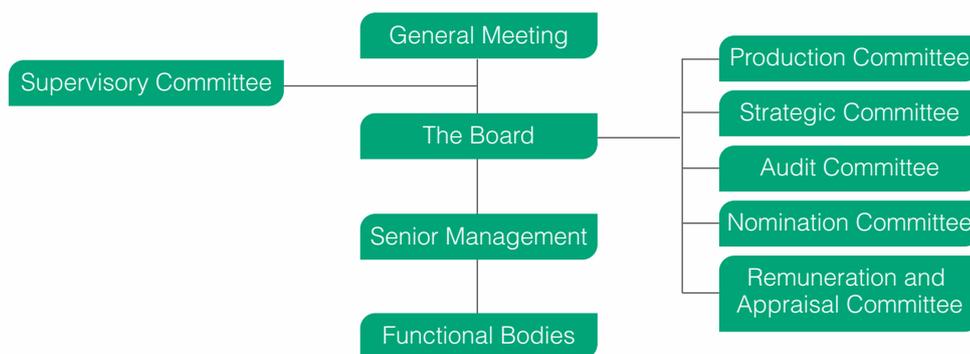
## 2. COMPLIANT OPERATION

The Company attaches great importance to compliant management. It actively optimized the corporate governance and structure system to ensure lawful and compliant operation; enhanced integrity and self-discipline and firmly advocated anti-corruption and integrity; and implemented ESG management system and actively fulfilled social responsibility to deliver sustainable development.



## 2.1 Governance and structure

The Company has established its corporate governance structure in accordance with the requirements of relevant laws and regulations including the Company Law and the Securities Law to regulate the operation of the Company. It has established a corporate governance structure comprising general meetings, the Board and special committees, the supervisory committee and senior management and respective functional department, and formed a mechanism of clear-cut powers and responsibilities, regulated operation, mutual coordination and mutual checks and balances between power organs, decision-making bodies, supervisory institutions and the management. In 2022, the Company successfully organized and convened eight board meetings, six meetings of the supervisory committee and four general meetings, at which more than 20 material issues were considered and approved, which played a positive role in promoting leapfrog development of the Company's production and operation.



### Case: Rectification Action of Listed Companies

In 2022, the Company received five notifications on self-inspection from CSRC, Inner Mongolia Branch, namely the Notice on Performing Self-inspection of Corporate Bond Issuers and Trustees (Nei Zheng Jian Han [2022] No.207), the Notice on Performing Self-inspection for Investor Protection in Inner Mongolia Jurisdiction in 2022 (Nei Zheng Jian Han [2022] No.264), the Notice on Regulating the Business Transactions between Listed Company and Financial Company under Corporate Group (Nei Zheng Jian Han [2022] No. 462), the Notice on Performing Special Self-inspection on Capital Occupation and Illegal Guarantees (Nei Zheng Jian Han [2022] No. 477), and the Notice on Further Performing Relevant Duties on Special Actions for the Governance of Listed Companies (Nei Zheng Jian Han [2022] No. 515), the Company embarked on self-inspections of relevant departments and report to CSRC, Inner Mongolia Branch timely with its self-inspection reports. The self-inspection has played an active role in strengthening internal control, regulating related-party transaction and legal and complaint external guarantee, “Three Meetings” construction as well optimizing decision-making mechanism.

## 2.2 Anti-corruption and integrity promotion

The Company has formulated the Regulation on Strengthening Integrity and Employee Engagement and Leaders' Work Style, the Appraisal Measures on Enhancing Integrity and Engagement Construction and Leaders' Work Style and numerous other regulations in strict compliance with the Company Law of the People's Republic of China and relevant laws and regulations on anti-corruption and anti-bribery, to provide guarantee for anti-corruption and integrity promotion and keep enhancing its supervision on production, operation, management and other activities. During the reporting period, the Company was not aware of any enquiry, notification or punishment due to violation of laws and regulations in relation to anti-corruption, anti-extortion, anti-fraud and anti-money laundering.





- Integrity supervision**
- Face-to-face warning education was conducted from subsidiaries, functional departments, management at all levels of out-posted agency and employees in form of integrity practice talk and collective group discussion and exchange;
  - Letter of responsibility on Party style construction was signed with each functional department and grassroots unit, which clarifies honest responsibility at all levels to implement production, operation and management as well as ideological style building;
  - As complaints and reporting affairs were of great importance, the management at all levels and employees accept supervision, public opinion supervision, social supervision, and were open to smooth reporting and complaint channel. Specific anti-corruption reporting channels such as telephone and mailbox were established to block management loopholes, actively protect information safety of the whistleblower and guide the construction of a harmonious and stable development environment;
  - Management at all levels were assessed and scored in relation to the democratic decision-making, acceptance of supervision, thrift and other daily work performance in combination of the appraisal results of the discipline inspection commission.
- Integrity training**
- Integrity and dedication education promotion activity was organized for directors and all employees to carry out regular publicity and implementation of ideals and beliefs, Party discipline and provisions, laws and regulations, warning education and relevant disciplinary system of the Company taking full use of other resources and channel for education promotion activity of the Company, to stop and suspend the develop and expansion of bad thoughts and ideas when there are such signs;
  - The discipline inspection department of the Company participated in integrity education courses of partial units in due course and supervised the integrity education on each unit to enhance the establishment of the discipline inspection workforce and improve the ideal consciousness, theoretical level and business skills of the discipline inspection cadres.

### 3. PRODUCT VALUE

The Company extensively carried out quality management, product and service quality improvement in strict accordance with the Product Quality Law of the People's Republic of China, the Standardization Law of the People's Republic of China, the Measures for the Implementation of Regulations of the PRC for the Administration of Production Licences for Industrial Products, the Consumer Rights Protection Law of the People's Republic of China, and Interim Measures on the Quality Control of Commercial Coal and other laws and regulations and industry standards, to keep consolidating and improving management efficiency, strictly execute each work requirements and regulations, enhance product quality and management control and perfect the supply chain management platform to provide customers with quality products and services.



### 3.1 Product Quality Management

The Company has established a complete raw material inspection process and product quality inspection mechanism adhering to the principle that “quality is the life of an enterprise”, and the management standards for quality management system of Quality Control Manual, to strictly implement various production process indicators and ensure stable standard met of product quality. In addition, the Company implemented positive incentives for product quality control leveraging the quality appraisal mechanism, took the quality management system as the support for product quality, and has achieved significant results in management of quality of coal and coal chemical products.

In 2022, the Company’s SHQ management system was further improved. The Annual Audit Framework was implemented smoothly as planned, the responsibility interface of each unit and department within the scope of the system operation become clearer, and the professional capability of internal auditors were further improved. All management works had been carried out steadily under the requirements of the ISO management system standard, and the benefits of applying dynamic cycle management model for the “process method + PDCA + risk-based thinking” system was further demonstrated. The Company’s SHQ management system continued to operate effectively and maintained its registered qualification for certification on the “National Certification and Accreditation Information Public Service Platform” of the National Accreditation and Supervision Commission, which has built a positive public image for the Company and has enhanced its credibility and reputation and its competitiveness in the industry.



Picture: Quality Management System Certification



- *Coal product quality control*

According to the “Interim Measures on the Quality Control of Commercial Coal” jointly issued by the six ministries and commissions of the state, the Company has formulated the Measures for Coal Quality Management and Assessment Rules of Inner Mongolia Yitai Coal Co., Ltd.. Focusing on its quality policy, the Company has been adhering to the principle of “highlighting the source control, valuing process supervision, expanding the service scope, and issuing trustworthy data”, to control the coal quality management. In the actual implementation process, and based on the “Coal Purchase and Sale Contract” signed by the two parties to the transaction, the Company persisted to the settlement principle of “pricing based on quality” to ensure product quality.

Our coal inspections were operated in strict accordance with the “Testing and Calibration Laboratory Capability Accreditation Guidelines” to converge force, expand projects and enhance capabilities, actively promote the implementation of testing equipment technical transformation projects and steadily improve the management standard of laboratories. The Company conducts daily sampling on coal products from various suppliers through an automatic sampling machine, and inspects through the laboratory information collection system in the form of blind samples, which effectively guaranteed the fairness of the operation of quality-based pricing mechanism and the stability of product quality. The Company did not record any coal quality incident during the year.

- Improvement in product technology

The Company continued to optimize coal production technology to ensure product quality. In terms of external water reduction, the Company set up an additional waterproof canopy on the belt conveyors to prevent the roadway pouring water from entering the coal flow system during the transportation; the Company arranged more drainage pipelines and temporary drainage pumps on the comprehensive mining work face to ensure that the water in the working area is discharged rapidly and to avoid the external water entering the coal flow system. In terms of ash reduction, the Company strictly implemented the separate loading and separate transportation measures in the process of excavation. All coal gangue was discharged to the coal gangue dumping alley; on the comprehensive mining work surface, the quality of projects was strictly controlled, and avoided the cutting of the top and bottom of coal gangue. Large pieces of coal gangue were picked out manually to reduce ash and effectively improve the heat generation of coal. Meanwhile, coal preparation plants were established to support the grading of block coal and the sludge drying system, which significantly improved the quality of coal products.

- *Quality management of coal chemical products*

The Company consistently implemented the Management Measures for the Quality of the Coal Chemical Segment, the Incentive Management Measures for Quality of Coal Chemical Segment, the Administrative Measures for Substandard Coal Chemical Products and the Administrative Measures for Customer Complaints and Feedback Opinion in the Coal Chemical Sector, and further improved the management of and control over the coal chemical product quality and service quality and revised Special Incentive Measures for the Quality of the Coal Chemical Sector of Inner Mongolia Yitai Coal Co., Ltd.. Through regular supervision and inspection and quality special reward mechanism, the quality management level was improved in all level, and we recorded remarkable enhancement in the quality and efficiency of coal chemical products, and no quality accidents were identified during the year.



– Quality system certification

During the reporting period, all subsidiaries of the coal chemical industry maintained the effective operation of the quality management system and successfully passed the audit and certification of third-party manufacturers.

Inner Mongolia Yitai Chemical Co., Ltd. (“Yitai Chemical Company”) – Accepted external audit of the quality management system and passed re-certification in October 2022.

Inner Mongolia Yitai Coal-to-oil Co., Ltd. (“Yitai Coal-to-oil Company”) – Accepted external audit of the quality management system and passed re-certification in December 2022.

Inner Mongolia Yitai Petrochemical Co., Ltd. (“Petrochemical Company”) – Accepted external audit of the quality management system and passed re-certification in December 2022.

Inner Mongolia Yuanji Chemical Co., Ltd. (“Yuanji Chemical”) – Passed initial certification of the quality management system in December 2022.



– Quality technical improvement measures

During the reporting period, the Company actively and efficiently integrated market and customer demand information with production giving into full play of its advantages in research-production-sale integration, effectively improved product quality and optimized product structure.

Coal-based Fischer-Tropsch wax application project

– Fischer-Tropsch waxes are used in other base oil applications. Product structure optimization may improve the overall economic benefits of the Company and generate different sales proposals under different market conditions, thereby improving the overall risk-resistance and profitability of projects.

Synthetic wax quality and efficiency improvement project

– The synthetic wax is filtered again and sent to the stabilized wax filtration system to filter again, which not only enhances the economy of synthetic waxes, provides a new clue for treatment of synthetic waxes and is conducive to maintain high load operation of the device.

Fischer-Tropsch wax cutting project

– Two new products were added, which on one hand, ensured inspection without production suspension of Yitai Chemical Company, and on another, expanded raw material channel of Yuanji Chemical to achieve differentiated competition of products. The proposal provided a foundation for Yuanji Chemical's subsequent treatment of unfiltered synthetic wax leveraging residue wax device and enabled effective use of the device.

YT-95# and YT-100# refined wax powder spraying and quality improvement project

– Large particles in the powdered products of the beading device are treated through technical transformation to improve quality and productivity of bead-blasting products, satisfy customers' demand for product indicators, improve sales amount and economic benefits of products.



– Product management and control measures

The Company has put in place strict control standards and procedures for raw materials inbound, re-processing of semi-finished products and the delivery of finished products, as well as for customer feedback. We also prepared and conducted regular review on rules and regulations in respect of control standards for raw materials inbound, inspection plans, and product quality control, and implemented quality confirmation and quality abnormality early warning prior and after product loading, which ensured controllable process and qualified product quality.

### 3.2 Improvement of Customer Service

The Company safeguarded customer interests through the Employee Accountability System, the Credit Sales Management System, the Management System for Customers, Suppliers and Other Related Parties, and sought for establishing long-term, stable and win-win cooperation with customers to provide better quality products and service for them.

- *Privacy protection*

The Company formulated the Measures for the Administration of Customer Files and Customer Evaluation of Coal Transportation and Marketing Division (Trial) and the Management System for Customers and Suppliers Access and Exit of Yitai Petrochemical Company in strict accordance with the Consumer Rights Protection Law of the People's Republic of China, the Individual Information Protection Law of the People's Republic of China and other laws and regulations, which clarify the confidentiality clauses of customer information, to protect the security of customer business information and personal information, respect customer privacy, standardize confidentiality behavior, strengthen staff training management, and eliminate customer files and feedback information leakage. Employees who violate the corresponding system are punished internally with penalties ranging from fines to suspension based on the severity of the circumstances. During the reporting period, the Company was not aware of any pending lawsuit due to violation of customer privacy.

- *Customer communication*

The Company always values the feedback from communication with customers, according to the Coal Quality Management Measures of the Coal Transportation and Marketing Division, The Coal Transportation and Marketing Division Coal Mine Sales Management Measures, The Coal Transportation and Marketing Division Coal Shipping and Sales Business Management Measures, The Coal Chemical Industry Plate Customer Complaints and Feedback Management Measures, Yitai Petrochemical Company Customer Complaint Feedback and Handling Methods, etc., it communicates with customers through a variety of online and offline channels and carry out timely customer talks, customer visits, customer satisfaction survey, network communication channel, telephone return visits to have comprehensive and all-round communication with customers.



- The Company set up offices in Shanghai, Nanjing, Guangzhou, Chengdu and other areas where customers are concentrated, to understand the market dynamics and customer needs, as well as solve the problems encountered in the sales process and the problems raised by customers, and responded quickly in the formulation of sales strategies through long-term dispatch of salespersons to contact nearby, and has reached cooperation intentions with a number of customers;
- The Company organized and conducted two survey activities on customer satisfaction, to conduct research on “product quality and communication service” and others. Information gathered will be generated into a report and submitted to the Company. During the survey process, we carefully listened to the voice of customers, objectively summarized the shortcomings identified during the cooperation process, and accepted suggestions for improvement, to improve service quality and strengthen cooperative relations;
- The Company opened Douyin, WeChat public account and Alibaba online trading platform, carry out exchanges and information sharing with customers via Internet to timely understand customer needs, analyze market dynamics and make improvement;
- Irregular telephone return visits to customers to catch up with customer dynamic. We analyze the problems involved in the cooperation between the two sides through telephone communication to understand the use of downstream products, make timely adjustment to various coping strategies and establish a stable and orderly partnership.

In addition, the Company attached more importance to customer feedback, and established a timely and efficient feedback mechanism to implement special control over customer feedback, and established a customer satisfaction survey platform and a customer complaint platform to ensure prompt handling of customer feedback. In the event of customer feedback on product quality issue, the Company’s quality management personnel responded immediately to verify product quality retrospectively, identify the cause of the problem in time, and communicate for solutions.



### Case: Active Discussion of Petrochemical Company

In July 2022, Petrochemical Company invited each product customer for a discussion at Yili, Xinjiang to establish sincere cooperation with customers. During which, each of the chairman of Petrochemical Company and deputy general manager in charge of sales has conducted a one-on-one discussion with key customers of the Company's Fischer-Tropsch waxes, compound and heavy-density products and isomeric products to listen to customers' opinions and suggestions on the Company's products and sales work, analysis carefully the current and subsequent market trend, and discussed and arranged for the customer's subsequent procurement plan and cooperation mode.



### 3.3 Encouraging Innovative Development

The Company attached great importance to technology innovation and development. The Company followed the requirements of internal regulations including the Technology Management System of Inner Mongolia Yitai Coal Co., Ltd., the Management and Incentive System of Technological Achievements of Inner Mongolia Yitai Coal Co., Ltd., Management Measures on Scientific Research Project of Inner Mongolia Yitai Coal Co., Ltd., Evaluation Rules of Technical Management Organization Award of Inner Mongolia Yitai Coal Co., Ltd. to enhance regulated management of technology innovation. In 2022, the Company newly issued the Incentives for Scientific and Technological Innovation of Inner Mongolia Yitai Coal Co., Ltd. to enhance incentives to technology and innovation results, technology talents and technology management organization, and further clarify selection criteria, which provided system support for improving quality of high-tech results, promoting growth of technology talents and stimulating innovation capability.





- *Innovative achievements*

The Company further optimized the construction of scientific and technological innovation system, and built an open innovation ecology relying on three achievement transformation bases in Dalu New District, Hangjin Banner South Industrial Park and High-tech Zone, and supported by N innovation carriers of the “1+2+3+N” scientific and technological innovation platform system.

In 2022, the Company focused on the completion of the nomination application for the Autonomous Region Science and Technology Progress Award in respect of “Fischer-Tropsch Synthesis of Olefin Hydroformylation to High-carbon Alcohols Complete Set Technology and Industrialization” and “Research on the Disaster Mechanism and Prevention Technology of High-width Coal Column Impact of Thick-Layer Roof Mining”, and arranged for completion of registration in respect of 4 technology results in the Autonomous Region, including “Research and Application of Intelligent Mining Equipment and Technology of Thin Coal Seam”.

- *Standard setting*

In 2022, the Company made significant efforts in developing industry standards, and actively participated in revising and formulating national standards, industrial standards as well as group standards, deepened the formulation of coal chemical standard and achieved record high in technology results. During the reporting period, the Company led or participated in the development of the following industry standards:

- Two national standards that were co-developed by the Company, namely GB/T 23251-2021 “Coal Technical guidelines for coal chemical industry” (《煤化工用煤技術導則》), and GB/T 34273-2021 “Coal Liquefied Diesel Cetane Index Calculation Method Four-Variable Formula Method” (《煤液化柴油十六烷指數計算法四變量公式法》), have been approved for publication and became effective since 1 July 2022;
- Two industry standards that were co-developed by the Company, namely HG/T 6096-2022 “Coal-based Fischer-Tropsch Synthetic Lubricant Base Oil” (《煤基費托合成潤滑油基礎油》), and HG/T 6097-2022 “Coal-based Fischer-Tropsch Synthetic Soft Wax” (《煤基費托合成軟蠟》), have been approved for publication and became effective since 1 April 2023.

- *Industry-university cooperation*

In 2022, the Company enhanced cooperation with well-known domestic colleges in respect of industry-university-research projects, and sought for joint research on advanced technology to facilitate enhancement of the Company’s product value:

- The Company maintained cooperation with China University of Mining and Technology in respect of the research project on the whole life cycle surrounding rock control system of Talahao Mine roadway;
- The Company performed evaluation on the stability of the support of the lower mining roadway in the goaf area of the thin coal seam at very close distance of the Hongjingta Mine#1, and research and development of surrounding rock control technology.



- *Intellectual property and patent protection*

The Company values the protection of intellectual property rights and patents. In strict compliance with laws and regulations such as the Copyright Law of the PRC and the Patent Law of the PRC, the Company developed Incentives for Scientific and Technological Innovation of Inner Mongolia Yitai Coal Co., Ltd., Management Measures for Research Project of Inner Mongolia Yitai Coal Co., Ltd., Management Measures for Intellectual Property Rights of Inner Mongolia Yitai Coal Co., Ltd., Risk Management Measures of Inner Mongolia Yitai Coal Co., Ltd., Confidentiality Management System of Inner Mongolia Yitai Coal Co., Ltd. and others, to clarify management responsibility of intellectual property rights, consolidate the management system of intellectual property rights and patent protection and regulate protection workflows. During the reporting period, the Company has taken a number of measures to enhance the level of intellectual property and patent protection:

- We enhanced training in relation to intellectual property: the Company focused on organizing special training on “Macro Intellectual Property Management and Practical Training” and “Management Training on Standardization System Construction of Scientific Research Project”;
- We improved patent application and preparation level and submission efficiency and introduced three intellectual property rights agents through tender and bidding to serve subsidiaries and branched in a targeted manner;
- We enhanced database search capabilities, opened new channels for external patent database search and use permissions of the “incoPat global science and technology analysis operation platform” to improve the application capacity of the database;
- We implemented incentive mechanism for intellectual property rights, granted 110 intellectual property rights and redeemed rewards of RMB208,000 in 2022.

### **3.4 Optimizing Supply Chain Management**

The Company endeavored to create an open, fair and transparent sound environment for suppliers, and established and improved the intelligent procurement supply chain management platform, to ensure the interests of its own while effectively considering the interests of suppliers and making progress with suppliers. The Company strictly complied with the relevant national laws and regulations such as the Bidding Law of the People’s Republic of China, formulated the internal management policies such as the Procurement Management Measures of Inner Mongolia Yitai Coal Co., Ltd. and the Supplier Management Measures of Inner Mongolia Yitai Coal Co., Ltd.. The Company also strictly regulated cooperation process management, regulated the supplier access, appraisal, supervision and inspection standard as a whole. The Company enhanced supplier environment and social risk management and encouraged the use of eco-friendly products to comprehensively improve the corporate supply chain management.



- *Supplier management*

The Company has established a sound compliance management of the entire process of supplier access, supervision and evaluation to ensure cooperation with quality suppliers.

Supplier access – The Company requires suppliers to comply with relevant national and regional laws and regulations, supplier management rules and other requirements, also sets out requirements on integrity and compliance, professional qualification and operating results, strictly selects qualified and quality suppliers;

Supplier supervision – The Company reviews self-registered suppliers and suppliers we invited in accordance with established procedures, and recommends quality supplier according to procurement requirements or makes a request for inspection, organizes joint inspection, and issues inspection report;

– We assess our bidding, contract performance, quality and after-sales services and other processes of suppliers in accordance with our internal appraisal rules;

Supplier evaluation – Suppliers are evaluated by the combination of monthly performance assessment and annual comprehensive assessment:

– The Company would adopt a management mechanism to suspend the cooperation with enterprises who had violated the rules such as failure to submit tenders without reasonable grounds, failure to pass product quality sampling, and failure to update platform information as required;

– The Company would adopt a management mechanism to terminate cooperation with enterprises that had committed serious breaches of contract, defaulted or lost their ability to perform.



- *Environmental and social risk management of the supply chain*

Environmental and social risk management of the supply chain is of great significance to the Company's normal production activities. The Company incorporated the requirements of environmental and social risk control into the data review of the supplier access and the supervision and inspection of subsequent cooperation process to strengthen the environmental and social risk management of supply chain.

Registration and access – Registered and cooperating suppliers must comply with relevant laws and regulations, obtain quality, environment, occupational health management system certification or comply with the requirements of environmental management system, and have corresponding qualification;

– Business enterprises of hazardous chemicals must obtain corresponding business licenses;

– Pharmaceutical suppliers shall strictly follow the scope of business license review, and control the transport companies it cooperates with.

Subsequent cooperation stages – We supervise and manage suppliers' manufacturing and other processes through third-party supervisors, produce in strict compliance with the contract and agreement, and resolutely forbid behaviors that pollute the environment and damage to the working environment;

– We organize inspection of cooperating suppliers, conduct comprehensive assessments of suppliers' production capacity, environment protection and employment;

– We conduct spot check on the arrival of commodities and the use of materials.

- *Preferring to eco-friendly products*

– The Company has a deepened knowledge of the significance of eco-friendly products in supply chain management, actively promotes "green procurement" and had invested much efforts in supply chain environmental protection, while constantly raising the requirements of supply chain management for environmental protection, upgrading quality level of the Company's products, and establishing clear regulations for process selection and equipment procurement:

– We reduced energy consumption by optimizing production process and procedure, gradually phasing out outdated production process, technology and equipment with high contamination and high energy-consumption and prioritizing the use of energy conservation and consumption reduction products, and avoiding the use outdated mechanical and electronic products;

– While submitting procurement plans, we strictly forbid the use of products in the catalogue of phaseout products with high energy consumption, and prioritize the procurement of products that are environmentally harmless or less harmful and have low energy consumption and the use of new technologies and processes for energy conservation and environmental protection.

## 4. SAFETY DEVELOPMENT

Safe is the cornerstone for sustainable development of the Company and a life line for survival and development of the Company. The Company has established a firm safe development concept and red line awareness and always puts life security of employees and safety production of the corporate first. We have deeply practiced the important instruction of “People First, Life First” by General Secretary Xi Jinping, and fulfilled the main accountability of safety production. The Company ensured investment in safety production, improved accountability of safety production and enhanced employees’ occupational health and protection for promoting safety development of the Company. During the reporting period, the safety production trend of the Company was stable and there was no minor injury or above personal injury accidents or accidents involving danger, nor new cases of occupational diseases.

### 4.1 Safety Operation

In strict compliance with relevant laws and regulations on safety production, such as the Safety Production Law of the People’s Republic of China, Special Equipment Safety Law of the People’s Republic of China, the Fire Protection Law of the People’s Republic of China, the Opinions on the Construction of Dual Prevention Mechanism for the Implementation of the Guidelines for Curbing Serious Accidents of the Safety Committee Office of the State Council and the Notice on Comprehensively Strengthening the Work Safety Responsibility System for All Employees of the Safety Committee Office of the State Council, the Company upheld the safety production policy of “safety first, prevention first, comprehensive management”, advanced safety production governance system and governance capability modernization in an down-to-earth way, effectively prevented and relieved material safety risk and solidly improved safety development level, with a focus on creating a safe and controllable production environment while actively enhancing safety culture construction, occupational health and staff training to perform safety responsibility.

- *Safety Culture Cultivation*

Adhering to General Secretary Xi Jinping’s important expositions on safe production, and guided by the safety culture concepts of Yitai such as “two would-rathers” and “two authorizations”, the Company put forward a series of new concepts and ideas on safety culture, and persisted in legal operation and the “four consciousnesses” as the responsibility mission to enhance its safety management strength. In 2022, the Company further promoted the construction of safety culture, sorted out and formed the Safety Culture Manual, and provided a solid guarantee for the sustainable safety development of the Company.

“Two would-rathers”:

It is better to spend RMB10 million more than to hurt a person; and it is better to produce 1 million tonnes less coal than to hurt a person.

“Two authorizations”:

Safety emergency handling authority: In the event of an incident that endangers production safety, on-site operators and managers at all levels have the right to issue instructions to immediately stop production and for emergency personnel evacuation.



Safety emergency input handling power: In the event of an incident that endangers production safety, responsible persons at all levels have the right to immediately arrange capital and equipment investment, prioritize disposal, and subsequent procedures.

The Company strictly abided by the national requirements such as the Safety Training Regulations for Production and Management Units, the Safety Training Regulations for Coal Mines, the Notice on Conducting Coal Mine Safety Training and Rectification and Promoting Quality Improvement of Coal Mine Employees, and formulated safety systems such as the Management System for Safety Education and Training and the Annual Safety Training Plan.

The Company organized and carried out a number of safety culture construction and publicity activities such as “a long journey of safe production”, “safety production emergency drill” and “safety knowledge competition”, which effectively enhanced the safety awareness of employees, effectively improved the safety quality of employees, and promoted the continuous improvement of safety production level and steady progress of safety production. Meanwhile, it carried forward the guiding role of “Yitai Safety” WeChat public account and “safety and quality briefing”, publicized the latest safety production policies and company safety management trends, encouraged employees to actively learn safety production related knowledge, and established employees risk awareness, thereby publicizing safety production and safety protection measures, and implementing prevention and control measures.

- *Safety management system*

The Company formulated a number of safety management and control systems, such as the Management Measures for Classified Control of Safety Risk, Hidden Danger Investigation and Management System for Potential Risks in Production, Reward and Punishment Measures for Safety Supervision Leaders, Measures for Graded Rating of Safety Management Level of Production and Business Units, the Safety Responsibility System for All Employees, Safety Operation Technical Regulations, Standardized Management System of Safety Production in Coal Mines, the Management System of the Entrance in Mines, “Three Simultaneousness” Safety Management System for Safety Facilities of Construction Project and the Standardized Management System of Safety Production in Coal Mines, and established a safety production management organization system under the safety production management organization led by the Security Committee, also required units at all levels to sign a certificate of responsibility for safety management, which clarified the classified management of production and business units and functional management departments, implemented the safety management responsibilities and safety risk prevention mechanism and safeguarded the effectiveness safety management.



- *Guarantee for Safety Production*

Under the principle of implementing laws and regulations on safety production, on basis of establishing a sound safety production responsibility system, focusing on safety management grading evaluation and assessment, the main line of advancing dual prevention mechanism, driven by consolidating the construction of safety production standardization, as well as the cornerstone to maintain the effective operation of the occupational health and safety management system, the Company further strengthened safety management and innovated safety inspection method to maintain safety production condition and assume safety responsibility as a principal, perform safety inspection with a high degree of political awareness and sense of responsibility in all aspects as required by the “five implementations and five in places” and the “three musts”, so as to push forward stable development of safety production of the Company.

This year, the Company has taken powerful safety measures throughout the production process from the perspectives of appraisal and punishment and experience learned:

- |                                |   |
|--------------------------------|---|
| Reward and punishment measures | <ul style="list-style-type: none"><li>– Carried out evaluation and assessment of the classification and management of production and operation units and the grading of safety management levels;</li><li>– Optimized evaluation and assessment of coal, chemical, railway, transportation and sales and agriculture segments;</li><li>– Formulated reward and punishment measures for coal mine contractors and revised reward and punishment measures for safe production of the Company.</li></ul> |
| Tough actions on safety        | <ul style="list-style-type: none"><li>– Steadily promoted intelligent mining and construction of smart mines, further promoted the technology transformation and upgrade of the chemical sector;</li><li>– Built a multi-system coupling application to promote the steady development of the dual engines;</li><li>– Strengthened the inspection of support materials, cables and oil products and stricter safety access and process control.</li></ul>   |



- Standardized construction results
- Conducted in-depth benchmarking, comprehensively promoted the standard construction of each segment, strengthened the construction of safety monitoring system and ensured production safety funds;
  - Organized the audit and certification (external audit) and internal audit of the Company's occupational health and safety/quality management system;
  - The operation system of the dual prevention mechanism has taken shape and pilot work of the coal chemical segment made expected results;
  - The effectiveness of security office meetings has been greatly improved, and the supervision of key matters has achieved online;
  - Conducted regular study of typical accident cases, learn lessons from production safety accidents in the industry, strengthen safety monitoring, highlight safety risk control and eliminate safety hazards.

#### 4.2 Occupational Health

The Company formulated system documents such as Occupational Health Management System, Administrative Measures for Prevention and Control of Occupational Disease Hazards in Coal Mine Workplaces, Responsibility System for Occupational Disease Prevention and Control, Occupational Health Operating Procedures for the Post, Annual Occupational Health and Safety Targets, Annual Plan and Implementation Scheme of Occupational Disease Prevention and Control, and Emergency Rescue Plan for Occupational Disease Hazards Accidents in strict compliance with relevant laws and regulations on occupational health, such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, as well as 71 industry standards in safe area and safe production regarding occupational health managed by National Health Commission, and improved Organization Component of Occupational Health Management of All Units, Occupational Health Archives of All Units and Archives of Occupational Health Surveillance for Workers, which explicitly stipulated Standards of Labor Protection Equipment for Employees, to provide labor safety protection supplies that meet the national occupational health standards and requirements, actively carry out publicity and special training on occupational disease prevention and control, and ensure the occupational health of all employees.

The Company has established and achieved the annual target of occupational disease prevention and control, to achieve the goal of no new cases of occupational diseases, and arranged occupational health management personnel with requisite qualification to ensure physical health of employees. The Company set up reading room for safety education, safety culture corridor and safety promotion column and other places for promotion at all product and operation units, and organized the establishment of practical operation and training basis for special operators. Meanwhile, the Company paid close attention to occupation health of employees and conducted occupational health inspection each quarter to identify and supervise the rectification of issues identified.



In addition, the Company attached great importance to occupational health training, and has developed a three-level safety education and training system for its employees. In 2022, the Company organized 75 safety education trainings with 3,226 participants in total.



Picture: Occupational Health and Safety Management System Certification

## 5. ENVIRONMENTAL PROTECTION

### 5.1 Enhancing Emission Management

The Company strictly complied with the laws and regulations on environmental protection such as the Law on Environmental Protection, the Law on Air Pollution Prevention and Control, the Law on the Prevention and Treatment of Water Pollution, the Law on Prevention and Control of Environmental Pollution by Solid Waste and Soil Pollution Control Law, and formulated the Environmental Management Measures, the Measures for Reward and Punishment of Environmental Protection Inspection and Assessment and other internal policies on environmental protection based on relevant requirement, with a view to continuously promoting optimization and adjustment of industrial structure and transformation and upgrade, improving its emission control capability and implementing energy conservation and emission reduction measures to reduce the negative impact on the environment.

During the year, the Company did not suffer from any environmental lawsuits due to violation of emissions regulations.



- *Greenhouse Gas Management*

The Company consistently implemented national strategy deployments of “carbon emissions peaking” and “carbon neutrality”, maintained principle of “understanding policy orientation and focusing on carbon market development externally and coordinately implementing policies to prevent risks and hazards internally” to effectively prevent and control carbon transaction, carbon quota performance risk and promote greenhouse gas emission reduction as well as green and low-carbon development of the Company. In 2022, the Company organized and carried out an inspection on greenhouse gas emissions based on the Corporate Greenhouse Gas Emissions Accounting Treatment and Reporting Guide to Power Generation Facilities, and the Guidelines for Greenhouse Gas Emission Accounting Treatment and Reporting for Chemical Manufacturers in China, to consolidate carbon emission data basis. In the same year, the Company actively involved in the national carbon market transaction and Yitai Chemical Company 100% completed the contract performance for the first year.

In addition, the Company vigorously pushed forward its deployment in new energy industry and significantly increased the proportion of non-fossil energy consumption of key energy consumption units to reduce greenhouse gas emission from energy source end. In 2022, the Company combined photovoltaic and ecological restoration of mining areas and established successively Talahao Coal Mine 3MWp distributed photovoltaic project, Suancigou Mine plant site roof-top 5.9MWp new energy photovoltaic project and Suancigou Mine 5.9MWp new energy photovoltaic project. The power generation of established projects in 2022 amounted to 8,492,000 kwh, which reduced carbon emission of approximately 4,958.5 tonnes.

To further regulate carbon management mechanism and facilitate the implementation of national “dual carbon” policy, the Company planned to formulate emission reduction goal promptly in accordance with the Carbon Peak Action Plan by 2030 and tasks assigned by local government in 2023, and engage third parties to conduct internal and external training on “dual carbon”, so as to conduct research on key corporations (institutions) in carbon emission management and gradually establish a carbon management system on this basis.

- *Waste Management*

The greenhouse gases generated by the Company comprise waste oil, miscellaneous salt, residue wax, filter cake, waste catalyst; and non-hazardous waste comprises primarily coal gangue, while others include coal ash, slag, chemical waste slag, and so on. To regulate waste management, the Company has formulated the Management Measures for Prevention and Control of Solid Waste Pollutant, which refined the management requirements for hazardous and non-hazardous waste, and adopted advanced production process and equipment through reasonable selection and use of raw materials, energy and other resources to reduce the amount and hazard of industrial solid waste. The Company has taken measures targeted to waste of different nature:



- Non-hazardous waste
- Each coal mine adopts reasonable mining sequence, methods and processes to reduce the amount of gangue produced;
  - Coal gangue is prioritized for comprehensive utilization in accordance with the corresponding laws and regulations;
  - General solid waste is disposed of in accordance with the requirements.
- Hazardous waste
- Reasonable storage of hazardous waste and engagement of external environmental protection company to dispose hazardous waste within its scope of qualification;
  - Entrust units with corresponding qualifications to dispose of the remaining hazardous waste, such as waste grease and batteries.

#### **Case: Utilization of Coal Gangue Solid Waste**

In 2022, the Company disposed of approximately 713,000 tonnes of coal gangue and reused 686,200 tonnes of pit water throughout the year by overlying rock and off-set space slurry. The implementation of the project will greatly reduce the discharge of coal gangue and is an effective way to achieve solid waste utilization.

In 2022, the Company has formulated the “2022 Environmental/Energy Targets, Indicators” in accordance with national and local laws, regulations, standards and relevant requirements on environmental protection and energy management. In particular, the waste reduction targets are: solid waste classification collection and disposal; safe disposal of hazardous waste and prevention of secondary pollution. During the year, the Company aimed at the set goal and successfully completed the compliant disposal of waste.

- *Exhaust Gas Management*

The exhaust gas of the Company is mainly generated from boiler flue gas, loading system exhaust gas, coal dust generated from coal transportation and storage, and dust-containing exhaust gas derived from solid material storage and transportation. According to different types of exhaust gas, the Company formulated corresponding measures to prevent and control exhaust gas pollution:



- Dust-containing exhaust gas
  - Dust collectors and ventilation and dust removal equipment were equipped by the Company to ensure the dust content of exhaust gas and dust emission rate comply with the Class II limit standards of the Integrated Emission Standards of Air Pollutants (GB16297-1996) ( $\leq 120\text{mg}/\text{m}^3$ ).
  
- Boiler flue gas
  - Ammonia desulfurization technology, selective non-catalytic reduction (SNCR) denitration process and bag dust removal process were applied by the Company to ensure that all the indicators of flue gas emissions met the air pollution emission standards for newly built coal-fired boilers under the Emission Standards of Air Pollutants for Coal-fired Power Plants (GB13223-2011) ( $\text{SO}_2 \leq 100\text{mg}/\text{m}^3$ , Nitrogen oxides  $\leq 100\text{mg}/\text{m}^3$ , dust  $\leq 30\text{mg}/\text{m}^3$ ).
  
- Acid gas
  - For acidic gas, sulfur recovery device and ammonia desulfurization process for secondary purification were adopted for purification, and discharged into the atmosphere after desulfurization. The  $\text{SO}_2$  emission concentration met the requirements of Table 3 under the Emission Standard of Pollutants for Petroleum Refining Industry (GB31570-2015) ( $\text{SO}_2 \leq 400\text{mg}/\text{m}^3$ ).
  
- Volatile organic compounds
  - Plant area of the project was equipped with featured pollutant environment monitoring facilities: and there is a set of oil and gas recovery devices on the loading trestle and the tank farm; LPG and propylene are stored in spherical pressure storage tanks; save for valves, instruments, equipment and other connections that may adopt flanges, the threaded pipes are sealed welded. All process pipelines and equipment for conveying VOCs materials are sealed with pipe caps or flange caps or wire plugs; an LDAR (leak detection and repair) system is established to strengthen the monitoring and supervision of volatile organic compound leakage during the production, transportation and storage of the plant.

- *Waste water management*

The Company formulated the Measures for the Prevention and Control of Water Pollution of Inner Mongolia Yitai Coal Co., Ltd. and put forward the adoption of cleaning process and implemented an elimination system for backward processes and equipment that seriously pollute the water environment to reduce sewage generation.

The Company successively established 18 sets of sewage treatment facilities and 14 sets of mine water treatment facilities. All treated water was used for production, sprinkling to reduce dust and greening. The Company adopted AO+MBR process for domestic sewage treatment, while industry wastewater is processed adopting coagulation precipitation + filtration + disinfection process. After Class I standard under the Comprehensive Sewage Discharge Standards and Pollutant Emission Standards for the Coal Industry are met, all treated water would be used for production, sprinkling to reduce dust and greening.



At present, all domestic sewage, mining water and industrial wastewater generated by each unit of the Company are comprehensively utilized after central treatment, and the coal chemical industry has achieved “zero discharge” of wastewater. In 2022, the Company disposed of and reused 23,483,000 tonnes of sewage water in total.

**Case: Wastewater Pollutant Prevention and Control over Hangjin Banner 1.2 Million Tonnes/Year Refined Chemical Project**

Wastewater generated from the industrial production for Hangjin Banner 1.2 Million Tonnes/Year Refined Chemical Project includes gasified gray water, synthetic wastewater, circulating water drainage, concentrated water generated from water chemical treatment, backwash water, neutralized wastewater and domestic sewage. The project achieved “zero” discharge through wastewater separation, multi-effect evaporation and other measures, including:

- The project wastewater drainage system was designed based on the principle of clear water and sewage water separation, which achieved treatment by nature of clean discharged water and production wastewater, oily sewage and acidic wastewater, and sewage containing slat, and ensured sustained stability of device operation;
- Process wastewater, domestic sewage from the project and rainwater at the preliminary stage were treated in a sewage treatment device with a designed capacity of 1,200m<sup>3</sup>/h. The quality of outlet water from the sewage treatment plant satisfied with the level I standard of the “Integrated Sewage Discharge Standards” (GB8978-1996);
- The qualified effluent from the sewage treatment plant enters the reuse water treatment process 1; clean wastewater such as concentrated water, rewash water, neutralized wastewater and circulating water drainage produced water chemical treatment enters the reuse water process 2. Effluents are used for chemical water replenishment and circulating water systems;
- The concentrated brine discharged from the wastewater reuse system is sent to the evaporation crystallization system, which processes the wastewater adopting deep energy “multi-effect counter-current evaporation + segmented crystallization process” and “nanofiltration salt separation + multi-effect evaporate + MVR” process.



### **Case: Sewage Wastewater Prevention and Control of Yitai Coal-to-oil Company**

Wastewater generated from the industrial production of Yitai Coal-to-oil Company includes gasified gray water, synthetic wastewater, circulating water drainage, concentrated water generated from water chemical treatment, rewash water, neutralized wastewater and domestic sewage. The project achieved “zero” discharge through wastewater separation, multi-effect evaporation and other measures, including:

- The project wastewater drainage system was designed based on the principle of clear water and sewage water separation, which achieved treatment by nature of clean discharged water and production wastewater, oily sewage and acidic wastewater, and sewage containing slat, and ensured sustained stability of device operation;
- Sewage treatment unit adopts A/O process, process wastewater, domestic sewage generated from the project and rain water at the preliminary stage were treated in sewage treatment device with a designed capacity of 100m<sup>3</sup>/h;
- Treatment of sewage reuse, desalinated water, wastewater and concentrated water, circulating water discharge. Treated water amounted to 300m<sup>3</sup>/h, including reused water for recycling and desalination water unit;
- The desalinated water treatment unit has a processing capacity of 490m<sup>3</sup>/h of refined water for boiler and process water use;
- The concentrated brine discharged from the wastewater reuse system was sent to the evaporative crystallization system. The system adopts a “multi-effect counter-current evaporation” process.

## **5.2 Focusing on Resource Utilization**

The Company actively implemented the Energy Conservation Law of the People’s Republic of China, incorporated the “dual control” of energy consumption into the overall strategic development of the Company, set annual targets for energy consumption and water consumption, accelerated the layout of new energy industries and the upgrading of the resource management system, and enhanced efforts in building a “resource-saving and eco-friendly” enterprise.

- *Energy management*

In order to effectively strengthen the dual control over energy consumption and improve energy consumption management level and energy utilization efficiency, the Company has formulated numerous internal management systems, such as the “14th Five-year” Management Planning, Management Measures for Energy Conservation in Coal Production Section of Inner Mongolia Yitai Coal Co., Ltd., the Management Measures for Energy Conservation and Consumption Reduction of Inner Mongolia Yitai Coal-to-oil Co., Ltd., and the Management Measures for Energy Conservation and Consumption Reduction of Inner Mongolia Yitai Chemical Co., Ltd., and set up a leaders group for “dual control” of energy consumption for the coordination, decision-making and deployment of various tasks.



In 2022, the Company vigorously implemented energy-saving technical renovation projects and reinvested RMB71,690,000 in energy-saving technical renovation, completed 7 energy-saving technical renovation projects, which are expected to save approximately 5,451.7 tonnes of standard coal. Selection of project results are as follows:

- Dadijing Mine#1 wind well major fan change project: the original fan with larger power (2\*560kw) was replaced with a small fan (2\*132kw) to reduce electricity consumption, which may save 122.9 tonnes of standard coal per year.
- Talahao Mine 3MWp distributed PV projects: idle land such as the roof and green belt of the Talahao mine was used to build all distributed photovoltaic power stations for self-consumption, which may save standard coal of 614.5 tonnes per year.
- Suancangou plant area rooftop new energy photovoltaic project: the new built 5.9MW new energy distributed photovoltaic power station has an annual power generation of 8 million kwh, and may save standard coal of 983.2 tonnes per year.
- Suancangou gangue dump site new energy photovoltaic project: the new built 5.9MW new energy distributed photovoltaic power station has an annual power generation of 8 million kwh, which may save 983.2 tonnes of standard coal per year.
- Suancangou Mine 6207 glue transport groove belt drive part transformation: the drive part was transformed from the original CST + asynchronous motor to a permanent magnet direct drive motor, which may save standard coal of 296.2 tonnes per year.
- Impeller transformation of Yitai Chemical's third circulating water main circulation pump: through the transformation of the impeller of the three-cycle main circulation pump, on condition of ensuring the demand of the device, the operating pressure of the pipe network was appropriately reduced, the power consumption of the main circulating water pump was reduced, and the electricity was saved by 7.744 million KWh, which is equivalent to 951.7 tonnes of standard coal (equivalent value).
- Coal-to-oil PSA fuel gas comprehensive utilization project: fuel gas was sent to the catalytic gas plant, reducing the vented amount of PSA fuel gas and saving 1,500 tonnes of standard coal per year.

- *Water Resource Management*

The Company actively and consistently implemented the National Water Conservation Action Plan, and formulated the Management Measures for Prevention and Control of Water Pollution of Inner Mongolia Yitai Coal Co., Ltd., to enhance water conservation management of the full production process and implement water use plan and objectivity management and vigorously promote industrial water conservation. In 2022, the Company aimed to limit the water consumption of each unit based on the notification requirements under the internal environmental/energy target indicators, and the water consumption of the Company's subordinate reduced as compared to that in last year.



In addition, the Company achieved layered and recycled use of water resources through various water-saving process technology transformation, accelerated the transformation of water use from extensive to economical and intensive use, so as to improve the efficiency of water use. In 2022, the Company saved about 17,878,000 tonnes of fresh water.

#### **Case: Rainwater Recycle Project**

Due to the heavy rainfall in summer, Coal-to-oil Company reduced the consumption of water for production use in the gasification system by carrying out preliminary settlement treatment of the collected rainwater and sending it to the gasification section as supplementary water for the gasification system. By implementing rainwater recycling, the Company can save 10,000m<sup>3</sup> of water for production use per year.

### **5.3 Ecological Environment Protection**

The Company thoroughly and consistently implemented the environment energy policy of “hundred-year Yitai, green energy, energy saving, efficiency improvement and sustainable development”, formulated and introduced the Environmental Management Measures of Inner Mongolia Yitai Coal Co., Ltd. and the Emergency Management Measures of Environmental Emergencies and numerous internal systems, and established an environmental management system integrating concentration and separation, taking measures based on categories, and process supervision to practice the commitment to ecological civilization construction, actively assume social responsibilities and perform ecological protection obligation. Currently, each industrial segment of the Company has passed ISO14001 Environmental Management System and ISO50001 Energy Management System Certification, which were operated in parallel to enhance dual system management effect and improve the Company’s environmental protection management level as a whole.

In the actual internal management, the Company has established a professional department of environmental management and established a team of corporate environmental management supervisors to promote the simultaneous planning, implementation, inspection and assessment of environmental protection and corporate production and operation. The Company has also set up a special bonus for environmental protection to continuously and positively incentivized outstanding units in environmental protection, and further activated the efficiency of grassroots environmental protection management to firmly establish the awareness of environmental protection main responsibility by incorporating environmental protection work into normal management.





In terms of construction, the Company strictly implemented the environmental impact assessment system for numerous new renovation and expansion projects, and the “three simultaneous” system of environmental protection and soil and water conservation of construction projects, and each system has reached 100% execution. Each project unit of the Company has formulated the Regulations on the Management of Environmental Protection at Construction Sites, which requires the construction team to implement the regulations for new renovation and expansion projects, including but not limited to:

- Each construction unit must establish a construction site (plant area), set up full-time (part-time) environmental protection management personnel, and clarify the post responsibilities; sign an environmental protection agreement with the contractor;
- The construction plan must include complete environmental protection measures, as well as relevant education and training and corresponding work instructions should be issued;
- The construction road must be planned and set up before construction, and the construction site must be management in a closed manner;
- The construction waste should be transferred by closed transport vehicles or covered measures should be taken;
- Measures should be taken in respect of covering, solidification and greening of bare sites and concentrated piles of earth;
- Fine-grained bulk materials such as cement and gypsum powder that are easy to fly were stored in closed warehouses;
- It is forbidden to set up mixing plants at the construction site, and it is strictly forbidden to burn smoke-generating substances and all kinds of waste;
- The time for construction was strictly controlled between 6 a.m. and 10 p.m., and machinery with strong noise was treated with silence.

In terms of coal mining, due to the subsidence caused by the mining process, the stripped soil and gangue will encroach on the land and overcover vegetation, the Company focuses on strengthening the ecological restoration of the mining area, strictly implementing various ecological environmental protection measures, and is committed to building a green mine with beautiful environment, intensive and efficient ecology, and contributing to the maintenance of regional ecological security. By the end of 2022, Suancigou Mine, Dadijing Mine and Baoshan Mine under the Company have obtained national level green mine recertification. Talahao Mine, Kaida Mine and Hongyi Mine have obtained the autonomous region-level green mine certification for the first time.



### **Case: Fully Enclosed Coal Shed Project of Jungar Banner Dispatch Station**

In 2022, the Company endeavored effort to promote the fully enclosed coal shed project of Jungar Banner Dispatch Station. The project is another fully enclosed environmental protection transformation project of Inner Mongolia Yitai Huzhun Railway Co., Ltd. after its fully enclosed coal shed project at Xiyingsi Dispatch Station. The construction scale of the dispatch station is 16.5Mt/a, the fully enclosed project is 2 independent coal sheds, each has a closed area of 250.9×164 square meters, the highest distance from the ground at the highest point of the vault is 58.75 meters, the internal net height is 39 meters, the structure adopts a skeleton membrane structure, the skeleton structure adopts prestressed cable 3D tube truss, and the membrane adopts polyvinylidene chloride.

The project is expected to have a coal storage capacity of about 200,000-300,000 tonnes, which will effectively improve the quality of the regional atmospheric environment after the project is put into operation.

## **5.4 Responding to Climate Change**

In accordance with the “Outline of the 14th Five-Year Plan and Long-term Goals for 2035 for National Economic and Social Development of the People’s Republic of China” and the deployment of the Central Economic Work Conference and the 9th Meeting of the Central Finance and Economics Commission, the Company unswervingly implemented the national strategy of actively addressing climate change, accelerating carbon peaking and carbon neutrality, promoting the construction of an economic system for green and low-carbon circular development, and vigorously promoting the transformation and upgrading of economic structure, energy structure and industrial structure.

The Company actively implemented relevant policies of the nation on clean utilization of coal and the promotion of on-site conversion of coal resources in Inner Mongolia Autonomous Region, and has built the Hangjin Banner 1.2 million Tonnes/Year Refined Chemical Project on the basis of the stable operation of the 160,000 tonnes/year coal-to-oil industrialization demonstration project, continuously extending the downstream industrial chain to the direction of high-end fine chemicals through R&D and innovation, continuously improving the economy of the project and the added value of products, and achieving the continuous transformation and leapfrogging from basic raw materials to clean fuels, to fine chemicals, and finally to functional materials, as well as terminal and high-end products.

In addition, the Company strengthened the capacity building of carbon asset management, studied and analyzed the emission laws of chemical enterprises, organized and completed the carbon interrogation of two chemical enterprises and a number of coal mines, submitted annual greenhouse gas emission reports and supplementary data reports to the competent authorities, and completed the first performance of Yitai Chemical Company.

The Company deeply recognized that with the gradual improvement of the carbon trading market, the carbon trading price will increase significantly, bringing performance risks; while carbon reduction, carbon capture and storage can lead to increased operating costs for the Company. In the next step, the Company will vigorously train carbon management and trading professionals and make carbon market performance reserves. Through management and emission reduction, it will research on technologies to reduce carbon capture costs, reduce greenhouse gas emissions, and actively participate in carbon market trading, timely carry out carbon emission examination and CCER certification of carbon sink projects.



**The table below sets forth the Company's response actions to climate change and achievements in 2022:**

Governance	Relying on the ESG management system established by the Company covering three levels of “decision-making, management and execution”, the board of directors is responsible for the supervision, review and decision-making of ESG matters including climate change response, the management is responsible for coordinating and promoting climate change risk identification and target management, and each functional department is responsible for the specific execution of relevant work.
Strategy	As the largest local coal enterprise in Inner Mongolia Autonomous Region and one of the largest coal enterprises in China, the Company is aware of the potential impact that climate change risks may have on its business. By actively implementing the relevant policies of the nation on clean utilization of coal and the promotion of on-site conversion of coal resources in the Inner Mongolia Autonomous Region, the Company studied and analyzed the emission laws and development trends of the industry, and organized examination on its own greenhouse gas emission, further strengthened the capacity building of carbon asset management, and then promoted the implementation of climate change risk management and control.
Risk management	<p>Guided by the framework of national policies, regulations and Listing Rules, the Company identifies climate change risks it may face based on its own operations. During the year, the Company identified two climate risks that could have a significant impact on its business:</p> <ol style="list-style-type: none"><li>1) Performance risk: The carbon trading market was gradually improved, the carbon trading price might be significantly increased, and the performance of the carbon market would become more difficult;</li><li>2) Technology risks: Energy-saving technology modifications, as well as carbon reduction, carbon capture and storage may lead to increased operating costs for the Company.</li></ol> <p>In order to cope with the above risks, the Company will vigorously train carbon management and trading professionals, and make carbon market performance reserves. Through management and emission reduction, it researched on technologies to reduce carbon capture costs, reduce greenhouse gas emissions, and actively participated in carbon market trading to reduce performance costs.</p>
Indicator and objectivity	The Company plans to formulate emission reduction targets in a timely manner in 2023 in accordance with the national Action Plan for Peaking Carbon Emissions before 2030 and the tasks assigned by local governments to address climate change.



## 6. EMPLOYEE HAPPINESS

### 6.1 Interest of Employees

The Company respects and protects rights of employees in accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, Law of the People's Republic of China on Protection of Minors, the Payment of Wages Tentative Provisions, the Implementation Measures for Paid Annual Leave for Employees of Enterprises, the Regulations on Labor Dispatch, the Regulation on Prohibition of Child Labour and other relevant PRC laws and regulations and policy requirements, and adopts zero tolerance attitude to any employment of child labour and forced labour.

- *Protection of rights of employees*

The Company has formulated internal management systems such as Human Resource Management System of Inner Mongolia Yitai Coal Co., Ltd., Broadband Remuneration Plan of Inner Mongolia Yitai Coal Co., Ltd., Employee Performance Management Measures of Inner Mongolia Yitai Coal Co., Ltd., Employee Attendance Management Measures of Inner Mongolia Yitai Coal Co., Ltd., to standardize the management of remuneration, working hours and holidays, welfare benefits, and respect and protect the basic rights and interests of employees such as labour remuneration, rest and vacation, and social insurance and welfare.

- |              |   |
|--------------|---|
| Remuneration | <ul style="list-style-type: none"><li>– Based on the principle of equal pay for equivalent positions, a broadband remuneration system was developed based on post value and dynamic performance appraisal;</li><li>– Moderately widening the compensation gap among middle managers, between managers and employees, and between management and non-management personnel, giving full play to the incentive role of remuneration in human resource management;</li><li>– To improve the enthusiasm of the production and operation units, distribution rights were granted to implement total control;</li><li>– Establishing a performance appeal channel, which provides employees with a standardized channel for communicating performance results, and under the principle of equal rights and responsibilities, achieve the matching of employee compensation and performance, and promote employees to continuously improve their individual business capability and work performance.</li></ul> |
|--------------|---|



Working hours and holidays – Implementing a working hour system that combines standard working hours, comprehensive working hours and irregular working hours to ensure that the working hours fall within reasonable range;

– In addition to national statutory holidays, a wide range of leave benefits are provided to our staff, including paid annual leave, sick leave, marriage leave, leave for person affairs, maternity leave, accompanying leave and funeral leave.

Benefits

– Paying five insurances, one housing fund and one enterprise annuity, including retirement insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, housing fund and enterprise annuity for employees;

– Providing annual free medical check-up to guarantee employees' health, with the coverage rate of employee physical examination reaching 100%.

- *Eliminate Child Labor and Forced Labor*

The Company resolutely avoided employing child labor and forced labor. In the course of recruitment, the personnel department carries out strict verification of the identity of candidates, checking the ID card and relevant valid certificates. Only after the information is confirmed correct can a candidate be qualified for basic employment. New recruits are required to complete the Entry Registration Form prepared by the Company. The personnel department would also strictly verify the consistency between the information in the form and that set out in the ID cards. In the event of any violation, the Company would seriously handle, properly resolve, and implement compliant employment.

During this year, the Company did not experience violations such as the use of child labor and forced labor, nor did it have any lawsuits arising from employment issues.

## 6.2 Equal Employment

The Company in the practice of human resources management strictly complied with the Recruitment Management System of Inner Mongolia Yitai Coal Co., Ltd., Staff Exit Mechanism Management Measures of Inner Mongolia Yitai Coal Co., Ltd., the Employee Demission Management Measures of Staff Departure of Inner Mongolia Yitai Coal Co., Ltd., and other internal systems, adhering to the principle of equal and compliant employment, and building a fair and equitable talent environment.

In terms of recruitment channel management, relying on overall planning of human sources and ensuring the overall balance of personnel supply and demand, the Company formulated annual recruitment plans, including campus recruitment, social recruitment, and head-hunter's recommendations, to satisfy the requirement of our operations. In the course of the recruitment, the Company attaches importance to examining candidates from aspects of compliance, ability and job matching, and resolutely avoiding discrimination based on gender, age, race, ethnicity, geography and others and striving to building up an equal and diverse professional workforce.



### 6.3 Employee Growth

The Company valued occupational talent team building and developed the Management Measures for Selection and Appointment of Management Personnel of Inner Mongolia Yitai Coal Co., Ltd., the Professional and Technical Talent Occupation Development Management Measures of Inner Mongolia Yitai Coal Co., Ltd., the Functional Business Talent Occupation Development Management Measures of Inner Mongolia Yitai Coal Co., Ltd., the Skill Operation Talent Occupation Development Management Measures of Inner Mongolia Yitai Coal Co., Ltd. and other talent development management systems, which form a comprehensive occupational development and training system and facilitating the growth and development of employees.

- *Career Development*

The Company adheres to the principle of highly responsible attitude and humanized management of employees, and fully considers the smooth development of the career of all employees. Through the reform of human resource management, the Company has introduced a regulated post management system, constantly improved the career development path of employees, and has formed a position management system with post management as the core covering all employees and four career development channels, being “management channel M, professional technology channel P, skill operation channel O and functional business channel B”. During the process of talent training, talent selection and evaluation, and the construction of hierarchical talent echelon, the Company always persisted in the principles of fairness, openness and impartiality, focused on both technical competence and work performance, and clarified in the form of a system job requirements, promotion standards, management authority and other contents of talents at all levels in the four channels, which achieved positive effects of incentives for all employees to grow, while consolidating the basis of human resources management.

In addition, to achieve the aim of building a high-quality professional workforce with “strong conviction, determination, diligence, commitment, integrity, and honesty”, the Company has formed a regular competition-based appointment mechanism, a regular normalized selection mechanism for vacancies, as well as an appointment system, and a mechanism for differential for special requirements such as individual vacancies and urgent work needs, promoting the selection from a talent pool for key positions and activating the enthusiasm of the employees. At the same time, the Company continued to promote the “Eagle Nurturing” cultivation plan for employees under the age of 35, and further expanding and improving the talent cultivation mechanism, strengthening the talent team building, and promoting the sustainable development of the Company.



- *Employee training*

The Company provides targeted training for employees of different levels to improve their job competence and professional skills, and facilitate its healthy development.

- |                               |  |
|-------------------------------|--|
| Management training           | <ul style="list-style-type: none"><li>– Based on the arrangements for employees training and development during the 14th Five-Year Plan period, the Company further improved the construction of the training program system for middle-level management (operators) and launched the “intelligent courses” training program to discover the management potential of middle managers;</li><li>– This year, the “intelligent courses” training program has held a total of four online courses and completed the training and learning of three thematic contents.</li></ul>  |
| Grassroots employees training | <ul style="list-style-type: none"><li>– Training focusing on professional skills, practices, safety awareness and capacity and supplemented quality, environmental protection, team building, corporate culture, rules, and regulations, etc. have been carried out to enhance the overall professional competence and cultural awareness of grassroots employees.</li></ul>   |
| New employees training        | <ul style="list-style-type: none"><li>– Advocating the Company’s development history, industrial distribution and development status, corporate culture outline, as well as its organizational structure, department settings, personnel management system, to enable new employees understand the Company’s development as soon as possible, be familiar with the Company’s business, and integrate into the work team;</li><li>– Cultivating professional skills such as communication, interpersonal relationship handling, workplace etiquette, and time management, and improving the professionalism of new employees;</li><li>– This year, a total of 320 new employees participated in the training.</li></ul> |

This year, the human resources and strategic planning department of the Company also organized subsidiaries and departments to carry out training and lectures on many topics such as the Operation Guidelines for Termination and Suspension of Employers’ Labor Contracts, Official Document Writing Skills, Excel Application Practical Skills, Abide by the Safety Production Law and Be the First Responsible Person – 2022 Safety Production Month Special Training, Work Report (Summary Plan) Writing Practical Skills, OKR Performance Management, On-site Visual Management, Work Report (Summary Plan) Practical Skills, Practical Skills for Handling Work Injuries, Digital Marketing and Enterprise Growth Path, Target Planning and Time Management, which have strengthened employees’ understanding and cognition in management, writing, system and other aspects, so that they can better exert their competence in work.



## 6.4 Employee Care

People-oriented, the Company always cares about the well-being of employees, and is committed to enhancing employees' sense of belonging and happiness and enhancing corporate cohesion through multi-dimensional humanistic care measures.

- *Mutual assistance*

The Company cares for employees in difficulty, and sets up a rescue fund to help employees in difficulty. This year, the Company has assisted 109 employees in difficulty in total, involving amount of assistance of more than RMB510,000.

- *Female care*

The Company always attaches importance to the care of female employees by closely following their practical needs, and constantly upgrading the care action. This year, the Company paid RMB35 for each registered female employee to join the Women's Xinkang Mutual Aid Protection Activity, which has a one-year guarantee period to effectively reduce the medical burden of female employees and enhance their risk-tolerance ability.

- *Democratic governance*

In order to fully reflect the ownership status of the majority of employees and actively listen to their opinions and suggestions, the Company solicits proposals through an employee representative conference, and the trade union takes the lead in organizing relevant departments to give written replies one by one, and supervise representative proposals. During the year, the Company's trade union committee held two plenary committee meetings.

In addition, employees can propose management rationalization through the OA process or by telephone. After review, the Company will give feedback through the established process, clarify the unit or individual recommended for implementation, the award standard and amount, and select the best for improvement or implementation.

- *Cultural and sports activities*

The Company attaches importance to the physical and mental health of employees, and actively carries out a variety of cultural and sports activities to enrich the amateur cultural life of employees, enhance the construction of corporate culture, and enhance corporate cohesion. From 18 August 2022 to 20 August 2022, the trade union held the 2022 Annual Workers' Sports Meeting.



## 7. SOCIAL CHARITY

### 7.1 Philanthropy

Over the years, the Company has always insisted on actively contributing to the construction of local and national socialism, while being enthusiastic about public welfare to help the poor and actively fulfill its social responsibilities. This year, the Company continued the fine tradition of action, assumed responsibility by increasing investment in charity and public welfare, and passed on positive energy for public welfare by giving back to the society through helping rural revitalization and donation.

- *Rural revitalization*

The year 2022 marks an important year to the journey of comprehensive construction of a modern socialist country and march towards the second centenary goal. Based on the new stage of development, the Company thoroughly implements the major deployment of the state on consolidating the achievements of poverty alleviation and implementing the strategy of rural revitalization, further increases investment in assistance and support, and inherits the spirit of poverty alleviation. This year, the Company assisted 27 villages and towns, involving assistance funds of RMB24,829,900 and 714 beneficiaries.

- *Donation*

The Company takes the initiative to assume social responsibility, and helps education, culture and sports, poverty alleviation and other social welfare undertakings through charitable donations. This year, the Company launched numerous donations:

- donated RMB50 million to the Inner Mongolia Autonomous Region Sports Meeting;
- donated RMB31.25 million to Ordos Yijinhuoluo Banner Common Prosperity Foundation;
- donated RMB30 million to support the development of education in Jungar Banner in Ordos City;
- donated RMB15 million to Dongsheng District No. 6 Middle School in Ordos;
- donated RMB5 million to the Red Cross Society of Inner Mongolia Autonomous Region;
- donated RMB1.5 million to Ordos Yijinhuoluo Banner Ethnic Minority Development Foundation;
- donated RMB1.2 million for the 70th anniversary of Inner Mongolia Agricultural University; and
- donated RMB1 million to Ordos Guangcai Foundation (光彩事業基金會).



**Image: Donation to Dongsheng Education Development Foundation**

## **7.2 Volunteering Activities**

The Company followed the internal policies such as the Management Measure for the Volunteering Activities to form the social volunteering leadership group, and established a leading group for social volunteer service to provide guidance for a wide range of volunteering services, including disaster relief, energy saving and emission reduction, psychological counselling, poverty relief, assistance to orphans and the disabled, assistance in promoting civilized traffic behaviors, teaching and education, environmental protection, and professional consultation.

This year, the Company organised 17 volunteer activities in total with 170 participants. These activities lasted for 136 hours, and 3,400 people benefited.

## TABLE ON KEY PERFORMANCE

Name of indicator	Unit	2022	2021	2020
SO <sub>2</sub> emission	tonne	412.84	401.89	374.25
NO <sub>x</sub> emission	tonne	986.32	889.13	950.15
Flue gas emission	tonne	296.34	206.15	108.05
Total wastewater discharge <sup>a</sup>	m <sup>3</sup>	0	0	0
Scope I – Direct greenhouse gas emission	ten thousand tonnes CO <sub>2</sub> e	1,299.56	1,488.44	1,428.42
Scope II – Indirect greenhouse gas emission	ten thousand tonnes CO <sub>2</sub> e	57.87	63.22	64.18
Total greenhouse gas emission – Coal sector	ten thousand tonnes CO <sub>2</sub> e	688.95	633.99	634.22
Total greenhouse gas emission – Coal-to-chemicals sector	ten thousand tonnes CO <sub>2</sub> e	651.59	898.37	844.70
Total greenhouse gas emission – Coal transportation and sales sector	ten thousand tonnes CO <sub>2</sub> e	16.89	19.30	13.68
Total greenhouse gas emission	ten thousand tonnes CO <sub>2</sub> e	1,357.43	1,551.66	1,492.60
Greenhouse gas emissions per RMB10,000 operating income	tCO <sub>2</sub> e/RMB0'000	2.24	3.06	4.42
Hazardous waste produced – Waste machinery oil	tonne	118.02	170.49	168.87
Hazardous waste produced – Waste catalysts <sup>b</sup>	tonne	310.92	0	268.18
Hazardous waste produced – Carnallite	tonne	1,444.33	4,141.58	149.94
Hazardous waste produced – Total	tonne	1,873.27	4,312.07	586.99
Hazardous waste produced per RMB10,000 operating income	kg/RMB0'000	0.31	0.85	0.17
Total gasification ash/fly ash produced	ten thousand tonnes	114.19	123.56	132.38
Boiler slag produced	ten thousand tonnes	36.18	29.86	31.68
Coal gangue produced	ten thousand tonnes	473.89	740.53	683.98
Non-hazardous waste produced -Total	ten thousand tonnes	624.27	893.95	848.03
Non-hazardous waste produced per RMB10,000 operating income	tonne/RMB0'000	1.03	1.76	2.51
Total electricity consumption	million kWh	991.10	802.36	987.48
Total gasoline consumption	ten thousand litre	28.75	31.52	32.86
Total diesel oil consumption	ten thousand litre	352.43	335.80	7,252.41
Natural gas consumption	m <sup>3</sup>	0	0	0
Coal consumption	ten thousand tonnes	157.68	150.58	147.72
Purchased heat consumption	MKJ	0	0	0
Raw coal consumption	ten thousand tonnes	557.65	539.71	513.64
Comprehensive energy consumption	ten thousand tonnes standard coal	508.22	487.39	611.07
Energy consumption per RMB10,000 operating income	tonne standard coal/RMB0'000	0.84	0.96	1.81
Total water consumption	ten thousand tonnes	887.21	923.47	885.17
Water consumption per RMB10,000 operating income	tonnes/RMB0'000	1.46	1.82	2.62
Wastewater utilization rate in coal mining	%	100	100	100
Wastewater reutilization rate in chemical processing of coal	%	100	100	94.5
Average coal recovery rate of mining areas	%	90	88	84
Special investment in environmental protection	RMB100 million	8.38	5.11	10.02
Total number of employee	person	5,859	5,679	5,345
Total number of employees by gender				
Male	person	4,826	4,679	4,397
Female	person	1,033	1,000	948
Number of employees by employment type				
Full-time	person	5,859	5,679	5,345
Part-time	person	0	0	0



Name of indicator		Unit	2022	2021	2020
Number of employees by age group	Aged 30 and below	person	1,172	1,063	1,239
	Aged between 31 to 40	person	2,695	2,603	2,429
	Aged between 41 to 50	person	1,289	1,149	1,143
	Aged above 50	person	703	864	534
Number of employees by region	Within Inner Mongolia	person	5,364	3,641	3,944
	Autonomous Region				
	Outside Inner Mongolia	person	495	2,038	1,401
	Autonomous Region				
Annual turnover rate		%	5	5	20
Annual turnover rate by gender	Male	%	5	5	–
	Female	%	4	3	–
Annual turnover rate by age	Aged 30 and below	%	6	11	–
	Aged between 31 to 40	%	5.4	5	–
	Aged between 41 to 50	%	1.7	2	–
	Aged above 50	%	7.6	2	–
Annual turnover rate by region	Within Inner Mongolia	%	5	3	–
	Autonomous Region				
	Outside Inner Mongolia	%	5	7	–
	Autonomous Region				
Number of work-related injury accidents		times	0	0	0
Number and proportion of work-related fatalities		person	0	0	0
		%	0	0	0
Number of days lost due to work-related injuries		day	0	0	0
Number of safety education training		times	75	68	72
Participants of safety education training		person	3,226	2,987	3,043
Number of safety emergency drills		times	22	26	35
Participants of safety emergency drills		person	856	960	1,650
Physical examination participation rate of occupational disease		%	100	100	100
Number of additional employees with occupational diseases		person	0	0	0
Employee physical examination rate		%	100	100	100
Special physical examination rate of female employees		%	100	100	100
Total number of employee training		times	350	389	340
Total number of training participants		0'000 persons	0.97	1.08	0.94
Percentage of trained employees		%	100	100	100
Percentage of trained employees by gender	Male	%	100	100	–
	Female	%	100	100	–
Percentage of trained employees by employee category	Senior management	%	100	100	–
	Middle-level management	%	100	100	–
	Junior employee	%	100	100	–
Average training hours	Male	hour/person	55	61	53
Average training hours by gender of employees	Female	hour/person	55	61	–
		hour/person	55	61	–



Name of indicator		Unit	2022	2021	2020
Average training hours by employee category	Senior management	hour/person	18	20	–
	Middle-level management	hour/person	55	61	–
	Junior employee	hour/person	186	207	–
Total training expenditure		RMB0'000	536	600	500
Total number of suppliers		number	821	886	938
Number of suppliers within Inner Mongolia Autonomous Region			149	196	216
Number of suppliers beyond Inner Mongolia Autonomous Region			672	690	722
Number of manufacturers who passed environmental social inspection			208	400	640
Percentage of manufacturers subject to review		%	100	100	100
Number of suppliers who implemented the practice			821	886	–
Recalls of products sold or shipped			0	0	0
Total customer complaints during the reporting period			0	0	0
Investment in research and development		RMB100 million	4.81	2.84	3.11
Ratio of research and development expenses to operating income		%	0.79	0.56	0.92
Total number of R&D team		person	499	448	590
Number of utility patents applied		number	62	15	41
Number of invention patents applied		number	7	0	0
Number of utility patents obtained		number	80	11	54
Number of invention patents obtained		number	1	3	7
Number of sessions of voluntary activities organised		session	17	10	20
Participants of voluntary activities		person	170	300	500
Hours of voluntary activities		hour	136	2,800	3,600
Number of people benefiting from voluntary activities		Person	3,400	1,600	800
Donations to external parties made by the Company		RMB0'000	23,133.21	5,961.79	4,533.88

Note:

- a. The wastewater generated in the production process of the Company is concentrated brine, which is discharged into the park through the concentrated brine pipe network of the park and is uniformly treated.
- b. Catalyst use increased over that in 2021. In 2021, the Company's catalyst had not reached its service life, and the production volume was 0.



## APPENDIX: ESG INDEX TABLE

No.	Description of Indicators	Location of Disclosure
A1 Emission	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note: waste gas include NOx, SOx, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	P30-34
A1.1	Types of emissions and associated emission data.	P47
A1.2	Total direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P47
A1.3	Total amount of hazardous waste generated (by weight or volume) and (if applicable) density (e.g. per unit of production, per facility and per regular employee).	P47
A1.4	Total non-hazardous waste generated (by weight or volume) and (if applicable) density (e.g. per unit of production, per facility and per regular employee).	P47
A1.5	Description of emissions targets set and the steps taken to achieve them.	P30-34
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P30-34



No.	Description of Indicators	Location of Disclosure
A2 Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc..</p>	P34-35
A2.1	Total direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P48
A2.2	Total water consumption and density (e.g. per unit of production and per facility).	P48
A2.3	Description of the energy efficiency goals set and the steps taken to achieve them.	P34-35
A2.4	Description of any problems that may arise in obtaining suitable water sources, as well as water efficiency targets set and steps taken to achieve them.	P34-35
A2.5	Total amount of packaging material used in the finished product (in tonnes) and (if applicable) per production unit.	Not applicable
A3 Environment and natural resources	<p>General Disclosure</p> <p>Policies on minimizing the issuer's significant impacts on the environment and natural resources.</p>	P36-37
A3.1	Description of the significant impacts of business activities on the environment and natural resources and actions taken to manage those impacts.	P36-37
A4 Climate change	<p>General Disclosure:</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	P38-39
A4.1	Description of material climate-related issues that have and may have an impact on the issuer and actions to address them.	P38-39



No.	Description of Indicators	Location of Disclosure
B1 Employment	<p data-bbox="391 534 558 567">General Disclosure</p> <p data-bbox="391 599 518 631">Information on:</p> <p data-bbox="391 664 582 696">(a) the policies; and</p> <p data-bbox="391 728 1212 836">(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> <p data-bbox="391 868 1236 933">B1.1 Total number of employees by gender, employment type (such as full time or part time), age, and region.</p> <p data-bbox="391 965 981 998">B1.2 Employee turnover rate by gender, age group and region.</p>	<p data-bbox="1268 534 1332 567">P40-44</p> <p data-bbox="1268 868 1300 901">P48</p> <p data-bbox="1268 965 1332 998">P48-49</p>
B2 Health and safety	<p data-bbox="391 1030 558 1062">General Disclosure</p> <p data-bbox="391 1095 518 1127">Information on:</p> <p data-bbox="391 1159 582 1192">(a) the policies; and</p> <p data-bbox="391 1224 1244 1332">(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p> <p data-bbox="391 1364 1236 1429">B2.1 The number and rate of work-related fatalities in each of the past three years (including the reporting year).</p> <p data-bbox="391 1461 901 1494">B2.2 Number of days lost due to work-related injuries.</p> <p data-bbox="391 1526 1204 1591">B2.3 Description of the occupational health and safety measures adopted and the related implementation and monitoring methods.</p>	<p data-bbox="1268 1030 1332 1062">P26-29</p> <p data-bbox="1268 1364 1300 1397">P49</p> <p data-bbox="1268 1461 1300 1494">P49</p> <p data-bbox="1268 1526 1332 1558">P26-29</p>





No.	Description of Indicators	Location of Disclosure
B3 Development and training	<p>General Disclosure</p> <p>Policies on enhancing the knowledge and skills of employees to perform their job duties. Description of the training activities.</p> <p>Note: Training refers to vocational training and may include internal and external courses paid for by the employer.</p>	P43-44
B3.1	Percentage of employees trained by gender and employment type (e.g. senior management, intermediate management, etc.).	P49
B3.2	Average training hours of per employee by gender and employment type.	P49
B4 Labor standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.</p>	P41
B4.1	Description of measures to review recruitment practices to avoid child labor and forced labor.	P41
B4.2	Description of the steps taken to eliminate a violation when it is discovered.	P41
B5 Supply chain management	<p>General Disclosure</p> <p>Policies for managing environmental and social risks in the supply chain.</p>	P23-25
B5.1	Number of suppliers by region.	P50
B5.2	Description of the practice in relation to the engagement of suppliers, the number of suppliers to whom the practice is enforced, and the method of implementation and monitoring of the practice.	P23-25, P50
B5.3	Description of the practices for identifying environmental and social risks at each stage of the supply chain and the method of implementation and monitoring.	P23-25
B5.4	Description of the practices that promote the use of environmentally-friendly products, services when selecting suppliers and the method of implementation and monitoring.	P23-25



No.	Description of Indicators	Location of Disclosure
B6 Product liability	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P16-25
B6.1	The percentage of total products sold or shipped that are recalled for safety and health reasons.	P50
B6.2	Number of complaints received about products and services and the methods.	P20-21, P50
B6.3	Description of practices related to maintain and safeguard intellectual property.	P23
B6.4	Description of the quality assurance process and product recovery procedures.	P16-19
B6.5	Description of consumer data protection and privacy policies and the method of implementation and monitoring.	P20
B7 Anti-corruption	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P14-15
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P14
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P14-15
B7.3	Description of anti-corruption training provided to directors and staff.	P14-15
B8 Community investment	General Disclosure  Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P45-46
B8.1	Focus on areas of contribution (e.g. education, environmental issues, labor needs, health, culture, sports).	P45-46
B8.2	The resources (such as money or time) expended in the area of focus.	P50

## APPENDIX II

### 2022 ANNUAL INTERNAL CONTROL ASSESSMENT REPORT OF INNER MONGOLIA YITAI COAL CO., LTD.

#### To all Shareholders of Inner Mongolia Yitai Coal Co., Ltd.:

According to the requirements of the Basic Rules for Internal Control of Companies (《企業內部控制基本規範》) and corresponding with guidance and other regulatory requirements concerning the internal control (“Enterprise Internal Control Regulatory Systems”), and considering internal control system and evaluation methods of the Company and based on day-to-day monitoring and special supervision of internal control, we assessed the effectiveness of the internal control of Inner Mongolia Yitai Coal Co., Ltd. (the “Company”) as at 31 December 2022 (the reference date of the Internal Control Assessment Report).

#### I. IMPORTANT STATEMENT

According to the requirements of Enterprise Internal Control Regulatory Systems, it is the responsibility of the Board of the Company to put in place a sound and effective internal control mechanism, assess its effectiveness and honestly disclose the Internal Control Assessment Report. The Supervisory Committee shall oversee the establishment and implementation of the internal control mechanism by the Board. The management shall be responsible for organizing and leading the day-to-day operation of this mechanism. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company hereby warrant that there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information herein contained.

The objectives of the internal control are to reasonably ensure that the Company’s operation and management are in compliance with laws and regulations, to guarantee assets safety and that the financial report and relevant information are true and accurate, to improve efficiency and effect of operation, and to facilitate achievement of the development strategies. Given its intrinsic limitations, internal control can only provide reasonable assurance for the above objectives. In addition, changes in the circumstance may render the internal control inappropriate or relevant policies and procedures followed at a lower level. There are risks involved in forecasting the effectiveness of future internal control based on the results of internal control assessment.

#### II. RESULTS OF INTERNAL CONTROL ASSESSMENT

**(I) Whether there is any Material Deficiencies in the Internal Control over Financial Reporting of the Company, as at the Reference Date of the Internal Control Assessment Report**

Yes    No



## (II) Results of Internal Control Assessment over Financial Reporting

Effect    No Effect

According to the identification of material deficiencies in the internal control over financial reporting of the Company, as at the reference date of the Internal Control Assessment Report, there were no material deficiencies in the internal control over financial reporting. The Board believes that the Company has maintained an effective internal control over financial reporting in all material aspects according to the requirements of Enterprise Internal Control Regulatory Systems and relevant requirements.

## (III) Whether Material Deficiencies in Internal Control over Non-Financial Reporting had been Discovered

Yes    No

According to the Company's identification of material deficiencies in the internal control over non-financial reporting, as at the reference date of the Internal Control Assessment Report, the Company had discovered no material deficiencies in the internal control over non-financial reporting.

## (IV) The Factors Affecting the Assessment Results of the Effectiveness of Internal Control from the Reference Date to the Issuance Date of the Internal Control Assessment Report

Applicable    Not Applicable

From the reference date to the issuance date of the Internal Control Assessment Report, there is no occurrence of such factors that may affect the assessment results of the effectiveness of the internal control.

## (V) Whether the Auditing Opinions on Internal Control are Consistent with the Company's Assessment Results of the Effectiveness of Internal Control over Financial Reporting

Yes    No

## (VI) Whether the Material Deficiencies in Internal Control over Non-financial Reporting Disclosed by the Internal Control Audit Report are Consistent with those Disclosed by the Company's Internal Control Assessment Report

Yes    No

### III. DETAILS OF INTERNAL CONTROL ASSESSMENT

#### (I) Scope of Internal Control Assessment

The Company determined the main enterprises, business and matters and high-risk fields covered in the assessment scope based on the risk-oriented principle.

**1. Main Enterprises Covered in the Assessment Scope: Headquarters of the Company, 9 subsidiaries and 4 branches**

**2. Percentage of the Enterprises Covered in the Assessment Scope:**

Index	Percentage (%)
The percentage of the total assets of the enterprises covered in the assessment scope accounting for the total assets shown in the Company's consolidated financial statements	90.01
The percentage of the total revenues of the enterprises covered in the assessment scope accounting for the total revenues shown in the Company's consolidated financial statements	91.36

**3. Main Business and Matters Covered in the Assessment Scope Include:**

Organization structure, strategic management, performance management, human resources, asset management, budget management, fund management, procurement business, production management, sale management, investment management, tax administration, cost and expense management and contract management, etc.

**4. High-risk Fields Focused on Mainly Include:**

Procurement risk, risk of asset management, risk of sales and collection, risk of contract management, risk of fund management, risk of investment management.

**5. The above Enterprises, Business, Matters and High-Risk Fields Covered in the Assessment Scope Cover the Main Aspects of the Company's Operation and Management, is there any Major Omission**

Yes No

**6. Is there any Statutory Exemption**

Yes No

**7. Statement on Other Matters**

Nil



## (II) Basis of Internal Control Assessment and the Identification Criteria for Internal Control Deficiencies

The Company organized and carried out the internal control assessment on the basis of Enterprise Internal Control Regulatory Systems and related management system of the Company.

### 1. Is there any adjustment of the specific identification criteria of deficiency in internal control compared to the criteria last year

Yes     No

According to the identification requirements of the Enterprise Internal Control Regulatory Systems on material deficiency, important deficiency and ordinary deficiency, considering factors including the Company's size, industrial characteristics, risks and preference and risk tolerance, etc., the Board of the Company distinguished between the internal control over financial reporting and the internal control over non-financial reporting, and researched and determined specific identification criteria applicable for the deficiencies of the Company's internal control, which was consistent with the previous years.

### 2. Identification criteria for deficiencies in internal control over financial reporting

Quantitative criteria for identifying deficiencies in internal control over financial reporting:

Name of Index	Quantitative Criteria for Material Deficiency	Quantitative Criteria for Important Deficiency	Quantitative Criteria for Ordinary Deficiency
Potential misstatement as a percentage of total assets or pre-tax profits	In case the deficiency, individually or in combination with other deficiencies, may lead to the misstated amount included in financial report to be more than 1% (including 1%) of the total assets, or more than 5% (including 5%) of pre-tax profits, the deficiency will be identified as a material deficiency	In case the deficiency, individually or in combination with other deficiencies, may lead to the misstated amount included in financial report to be more than 0.5% (including 0.5%) but less than 1% of the total assets, or more than 3% (including 3%) but less than 5% of pre-tax profits, the deficiency will be identified as an important deficiency	In case the deficiency, individually or in combination with other deficiencies, may lead to the misstated amount included in financial report to be less than 0.5% of the total assets or less than 3% of pretax profits, the deficiency will be identified as an ordinary deficiency

Explanation:

Nil



Qualitative criteria for identifying deficiencies in internal control over financial reporting:

Magnitude of Deficiency	Qualitative Criteria
Material Deficiency	Re-report of previously published financial statements to reflect the correction of misstatement caused by error or fraud; the failure of audit committee to supervise the Company's external financial reporting and internal control over financial reporting; detection of any degree of fraud involving senior management; the failure of the management to correct the important deficiencies reported to it after a reasonable period of time.
Important Deficiency	Internal control deficiency in unconventional or nonsystematic transaction; internal control deficiency in the selection of generally accepted accounting principles and the application of accounting policy; internal control deficiency in related party transactions and major restructuring will be identified as an ordinary deficiency important Deficiency.
Ordinary Deficiency	Pursuant to the relevant regulations of the Company, the internal control which does not constitute material deficiency or important deficiency will be identified as an ordinary deficiency.

Explanation:

Nil

### 3. Identification criteria for deficiencies in internal control over non-financial reporting

Name of Index	Quantitative Criteria for Material Deficiency	Quantitative Criteria for Important Deficiency	Quantitative Criteria for Ordinary Deficiency
Property loss amount	In case the deficiency, individually or in combination with other deficiencies, may lead to direct property loss amounting to more than RMB10 million, the deficiency will be identified as a material deficiency.	In case the deficiency, individually or in combination with other deficiencies, may lead to direct property loss amounting to more than RMB1 million but less than RMB10 million (including RMB10 million), the deficiency will be identified as an important deficiency.	In case the deficiency, individually or in combination with other deficiencies, may lead to direct property loss amounting to less than RMB1 million (including RMB1 million), the deficiency will be identified as an ordinary deficiency.

Explanation:

Nil



Qualitative criteria for identifying deficiencies in internal control over non-financial reporting:

Magnitude of Deficiency	Magnitude of Deficiency
Material Deficiency	In case the deficiency, individually or in combination with other deficiencies, may lead to the Company's official external disclosure and also negative effect on the Company's periodic reporting and disclosure, the deficiency will be identified as a material deficiency.
Important Deficiency	In case the deficiency, individually or in combination with other deficiencies, may lead to the Company being punished by state departments but with no negative effect on the Company's periodic reporting and disclosure, the deficiency will be identified as an important deficiency.
Ordinary Deficiency	In case the deficiency, individually or in combination with other deficiencies, may lead to the Company being punished by the governmental departments under provincial level (including provincial level) but with no negative effect on the Company's periodic reporting and disclosure, the deficiency will be identified as an ordinary deficiency.

Explanation:

Nil

### (III) Identification and Rectification of Internal Control Deficiencies

#### 1. Identification and rectification of deficiencies in internal control over financial reporting

##### 1.1. Material deficiency

Whether the Company had material deficiencies in internal control over financial reporting during the reporting period

Yes    No





1.2. *Important deficiency*

Whether the Company had important deficiency in internal control over financial reporting during the reporting period

Yes    No

1.3. *Ordinary deficiency*

For ordinary deficiencies in the internal control over financial reporting that were found during the reporting period, the Company had taken corresponding rectification measures or formulated corresponding rectification plans.

1.4. *After the above rectification, whether the Company had discovered any uncorrected material deficiency in the internal control over financial reporting as at the reference date of the Internal Control Assessment Report*

Yes    No

1.5. *After the above rectification, whether the Company had discovered any uncorrected important deficiency in the internal control over financial reporting as at the reference date of the Internal Control Assessment Report*

Yes    No

**2. Identification and rectification of deficiencies in internal control over non-financial reporting**

2.1. *Material deficiencies*

Whether the Company had discovered any material deficiency in the internal control over nonfinancial reporting during the reporting period

Yes    No

2.2. *Important deficiency*

Whether the Company had discovered any important deficiency in the internal control over non-financial reporting during the reporting period

Yes    No



### 2.3. Ordinary deficiency

For ordinary deficiencies in the internal control over non-financial reporting that were found during the reporting period, the Company has taken corresponding rectification measures or formulated corresponding rectification plans.

### 2.4. After the above rectification, whether the Company had discovered any uncorrected material deficiency in the internal control over non-financial reporting as at the reference date of the Internal Control Assessment Report

Yes No

### 2.5. After the above rectification, whether the Company had discovered any uncorrected important deficiency in the internal control over non-financial reporting as at the reference date of the Internal Control Assessment Report

Yes No

## IV. STATEMENT ON OTHER IMPORTANT ISSUES ON INTERNAL CONTROL

### (I) Rectification of Deficiency in Internal Control Last Year

Applicable Not applicable

### (II) Operation of Internal Control during the Year and Improvement Direction Next Year

Applicable Not applicable

During the reporting period, the Company did not have other internal control information that may have a significant impact on investors' understanding of internal control self-evaluation reports, evaluation of internal control or investment decisions. In the future, the Company will continue to improve the internal control system, standardize the implementation of internal control systems, strengthen internal control supervision and inspection, and promote the healthy and sustainable development of the Company.

### (III) Statement on Other Important Issues

Applicable Not applicable

Chairman (Authorized by the Board): Zhang Jingquan  
Inner Mongolia Yitai Coal Co., Ltd.

29 March 2023



**内蒙古伊泰煤炭股份有限公司**

**INNER MONGOLIA YITAI COAL CO., LTD.\***